

**Supplement to the agenda for**

# **Cabinet**

**Wednesday 29 June 2022**

**5.00 pm**

**The Conference Room, Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE**

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# Stronger Towns Project Full Business Case Submission

**Meeting: Cabinet**

**Decision date: 29 June 2022**

**Report by: Cabinet member commissioning procurement and assets**

## **Classification**

Open

## **Decision type**

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

## **Wards affected**

Central;

## **Purpose**

To seek cabinet agreement to sign off and submit the Stronger Towns Fund Full Business Cases for the; Hereford Museum and Art Gallery Redevelopment Project Maylord Orchard Library and Learning Resource Centre Project and to recommend adjustments to the capital programme to reflect proposed changes to funding levels and sources'

## **Recommendation**

**That:**

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- a) **The Full Business Case application for submission seeking Stronger Towns grant funding of £5m for Hereford Museum and Art Gallery project and £3m for Maylord Orchards Library and Learning Resource Centre project be approved ;**
- b) **Cabinet recommend to Council an adjustment to the capital programme to fund the project from the capital receipts reserve of up to £8m for the Hereford Museum and Art Gallery project and up to £0.5m to the Maylord Orchards Library and Learning Resource Centre project;**
- c) **The project development funding of up to £160k offered by the Hereford Stronger Towns Board for the Hereford Museum and Art Gallery project and the Maylord Orchards Library and Learning Resource Centre project is accepted and expenditure approved;**
- d) **The project development funding of up to £77k offered by the National Heritage Lottery Fund for the Hereford Museum and Art Gallery project is accepted and expenditure approved;**
- e) **The Medium Term Financial Strategy budget setting process for 2023/24 and beyond include consideration of the operational revenue requirements for Hereford Museum and Art Gallery project and the Maylord Orchards Library and Learning Resource Centre project ; and**
- f) **Authority is delegated to the Corporate Director Economy and Environment, in consultation with the Cabinet Member Commissioning, Procurement and Assets and the Section 151 Officer to take all operational decisions in connection with both projects , including the commitment of funds for required technical works, and to commence the procurement of contractors on a design and build basis for the Hereford Museum and Art Gallery and the Maylord Orchards Library and Learning Resources Centre projects.**

### **Alternative options**

1. The alternative options considered are 1) not to progress the projects/ submit the projects for funding consideration. However, this would mean the significant economic and challenges identified in the Hereford Town Investment Plan would not be addressed, and the city/county would lose the opportunity to secure up to £13m of external funding. This is not recommended. 2) The projects are scaled back to within the external funding envelope. It is unlikely the scale of change required could be achieved from projects so significantly reduced in scale, and the other funders would be unlikely to commit their funds without the council match. This is not recommended. 3) The council seeks alternative funding. No other funding routes of the scale required are available at this time. This is not recommended.

### **Key considerations**

2. Herefordshire faces some significant long term economic challenges, further impacted through Covid 19. In particular the visitor economy, non-essential retail and cultural sectors were the worst impacted by Covid 19, required to close for many months during lockdowns.

3. Herefordshire has the lowest<sup>1</sup> county tier Gross Value Added (GVA) of any county in England and is the second lowest in the UK (second to our neighbor Powys). Average weekly wages are 20% below the national average, 39% of residents have a NVQ level 4 or above qualification compared to a national average of 43%, 24% of the population are aged over 65<sup>2</sup>, and the county is a Higher Education and social mobility 'cold spot'. As younger generations reach higher education age they have tended to move away to access university education, and we don't have the higher level jobs to attract them back.
4. All towns and cities across the UK are going through significant change. Covid 19 has accelerated the decline of larger box retailers in towns and city centres. Hereford has encountered these same issues. As identified in the Hereford Town Investment Plan, we need to consider how we can regenerate the city centre building on our strengths to create a new vibrant place for people to live, work, visit, study and invest.
5. As a major centre for employment, education, transport, leisure, health and access to public services, Hereford plays a critical role in the economic success and wellbeing of the wider rural county. Both the Hereford Museum and Art Gallery project and the Maylord Orchards Library and Learning Resource Centre are flagship projects in the Hereford Town Investment Plan.
6. The Hereford Town Investment Plan recognises that *'Hereford's strongest assets are its unique heritage and distinctive rural identity, with 316 listed buildings, 12% of its total footprint given over to green space, a fabulous river corridor and a globally significant collection of treasures including its Cathedral, Magna Carta, Mappa Mundi and the Herefordshire Hoard'*.
7. The Investment Plan states *'The cluster of assets at the heart of the city (Maylord, Cathedral Close etc) currently controlled by the City Council, Herefordshire Council and the Diocese represents significant collaborative potential to repurpose the city centre'*.
8. The Herefordshire County Plan 2020 to 2024 also recognises the significant economic, skills and social mobility challenges the county faces, as well as opportunities to maximize our tourism and cultural assets. In terms of the Stronger Towns fund the County Plan specifically states *'We will work with partners to maximise the Stronger Towns Fund grant (up to £25m) awarded to Hereford and to support investment programmes across all our market towns'*.
9. The regeneration of the city centre, and opportunities to develop the historic cathedral quarter are likely to be priorities in the emerging City Centre Masterplan and the Big Economic Plan. The two projects will also compliment and work closely with other investments such as the Hereford City Centre Improvements £6m public realm and greening project, creating a new vibrant city playing a critical role for the county as a whole for many years to come. The proposed projects will also support the development of Hereford as a university city, enhancing the cultural offer, and establishing a new modern library for students to access resources and to study at the heart of the city.

### **Herefordshire Museum and Art Gallery**

10. The full business case for the museum redevelopment supports the creation of a world class cultural and visitor experience at the heart of Hereford. The value of this is recognised in the Hereford Town Improvement Plan with its assertion that *'Hereford's strongest assets are its unique heritage...a fabulous river corridor and a globally significant collection of treasures including its Cathedral, Magna Carta, Mappa Mundi and the Herefordshire Hoard'*.
11. The Town Investment Plan also recognises that Herefordshire underperforms in relation to its tourist potential. The Town Investment Plan points out that *'Hereford's tourist performance is*

<sup>1</sup> [Mapping inequality in the UK \(ons.gov.uk\)](https://ons.gov.uk)

<sup>2</sup> [Economy & place - Understanding Herefordshire](#)

*modest. It only has the same proportion of jobs in accommodation and food services and a lower proportion of jobs in arts, entertainment and recreation than the England average. It would not be unreasonable for a city with the potential of Hereford in this context to have 3-5 times more employees in these sectors than the national average'. In particular, only a small proportion of visitors to the county visit Hereford itself during their stay. There is a lack of a high quality, high profile venue which can build on local heritage and can offer a range of services including national and international exhibitions. This is recognised in the Hereford Town Improvement Plan 'Hereford is an important heritage centre with assets that have significantly underperformed their potential as tourist attractions. Our current museum and art gallery...are in urgent need of contemporary refreshment and upgrading.'*

12. It is forecast that the proposed project will attract 75,000 people per annum to the county, generating an additional visitor spend of at least £2.5m (based on the spend per head identified in the STEAM economic impact assessment in 2019). It will create a high profile national attraction, making a significant difference to the countywide perception as a visitor destination and cultural asset as a place to live, work, study and invest, setting the county apart from neighbouring rural locations.
13. The structural and physical limitations of the building in its current condition and format impacts on access to the area's heritage and history which negatively affects both residents and visitors. For health and safety reasons, access to the museum and art gallery is currently limited to a maximum of ten people at any one time. There are also thousands of items reflecting the county's culture and history which are kept in storage with no means to display them or facilitate widespread access. The Council is also in the process of obtaining the Herefordshire Hoard, Viking treasure unearthed in the county in 2015, but currently has nowhere to exhibit it. The proposed redevelopment will create a high quality attraction for visitors regenerating the city's 'cathedral quarter' while connecting local people to their heritage. It will facilitate education and skills development in a prominent building at the heart of the city. The redeveloped building will provide a café and retail element to attract visitors to the museum, complimenting Hereford Cathedral and the mappa mundi. A key element will be an open exhibition and events space on the roof of the building, offering unique views over the historic city. The redevelopment will renew and reactivate a powerful, dormant asset for the city, significantly enhancing a sense of place while making a significant contribution to the repurposing and regenerating of the city as a whole.
14. In addition to regenerating the city the All-Party Parliamentary Group on Arts, Health and Wellbeing (APPGAHW) in partnership with the Local Government Association (LGA) have undertaken a major Inquiry into the role of the arts and culture in health and wellbeing. The Inquiry yielded a substantial report – Creative Health: The Arts for Health and Wellbeing LGA.pdf ([culturehealthandwellbeing.org.uk](http://culturehealthandwellbeing.org.uk)) – providing evidence that creative and cultural activities can have a positive impact on people's health and wellbeing.
15. Alongside seeking £5m from Stronger Towns, £5m funding is being sought from the National Lottery Heritage Fund through a grant application process and £5m funding from the council. The project will deliver an outstanding new museum, redesigned to operate on EnerPhit principles in a listed building (thereby providing a national example of best practice), whilst reducing ongoing revenue costs for running the building and reducing the building's carbon footprint.
16. The full extent of the redevelopment is outlined in the Full Business Case (Appendix 1). The RIBA Stage 2 design has been developed through extensive consultation with key stakeholders such as Historic England and the Council's Planning and Conservation officers. Wider consultation with staff, other key stakeholders and the wider public is currently underway and ongoing via a consultation strategy agreed between the Council and Architype.
17. At the time that the Town Investment Plan was submitted to government (cabinet decision can be found here: [Decision - Hereford Towns Fund town investment plan submission - Herefordshire Council](#)) it was anticipated that the proposed £5m contribution to the HMAG project would be

funded through a loan to be repaid through income generated by the museum. Through the development of the project, and including commissioning expert third party advice, it became apparent that the income generated will not be high enough to sustain a loan repayment. The income generating report suggests that the development will be able to sustain its operational costs, and in time generate a surplus of income to the council, but not on the scale required to repay a loan of this scale or even at a reduced level or borrowing at this stage.

18. It is also recognised that whilst developed by an expert design team the current cost plan (£15.5m) for the development is based on RIBA stage 2, prior to planning approval and listed building consent, and has not been market tested. At this time high inflation is a global issue, which has been considered in the cost plan (allowance for 8% inflation).
19. Therefore, in order to address these issues it is proposed that, subject to a recommendation to the council to amend the capital programme, to commit up to £8m from the capital receipts reserve to the project. This is also subject to the council securing the required £5m contribution from the Stronger Towns Fund and £5m from the National Heritage Lottery Fund.
20. It is also recommended that the council seeks to recruit an experienced and qualified Head of Museums and Arts post as soon as possible, to ensure the design of the project will meet operational requirements, the fit out is fit for purpose, and that we can seek the standard of exhibitions required to deliver the very high aspirations of the project.

### **Maylord Orchards Library and Learning Resource Centre**

21. The purpose of the project is to establish a new, innovative and modern library and learning resource centre, creating a mixed development to support the regeneration of the city centre, and to improve the opportunities and wellbeing outcomes of the population through enhanced cultural facilities. It will create an 'attractor' to bring people into the city centre which will in turn support delivery of the Council's County Plan. Developing a new modern library facility and service will support Hereford in becoming a university city, addressing the 'cold spot' in higher education and addressing the higher level skills gap. The Maylord Orchards Library and Learning Resource Centre full business case can be found in appendix 2.
22. Hereford library has historically been the busiest library in the county with its book stock supporting the delivery of the service in the other library sites. The building has not undergone any major renovation for some time and in its current state is not offering the wealth of opportunities that could be offered from a remodelled, redesigned and repurposed building. The new library building will also be fully inclusive, including a new toilet on the ground floor for people with a disability and an new lift to enable people to access the upper floors. This will be of significant benefit to library users, but also people visiting the wider Maylords site and town centre.
23. The learning resource centre will provide rentable space for a range of services and organisations including the Council's Adult Learning Services and health and wellbeing clinics. It will have two large rooms which can be split to enable the running of simultaneous activities as well as a number of smaller rooms. Adult Learning Services will use their space with the strategic aim of engaging with local residents who are least likely to participate in learning and enable them to access a range of high quality learning opportunities. This will facilitate their ability to lead more independent lives, support their families, gain qualifications, get a job, volunteer and become less socially isolated. It is also anticipated the Learning Resource Centre will provide an ideal and accessible city centre location for access to other public services such as health and wellbeing support.
24. In addition to the proposed new library and learning resource centre, the project includes significant enhancements to the atrium and Trinity Square. The atrium is very dated and tired, and dominated by two escalators that are now at the end of their operational life, despite there also being a lift available. Through the removal of the current escalators and enhancing the environment, the project will create a much improved experience for all users, a place to meet and

for social interaction. Trinity Square is also very dated, and the facades of the building in need of significant improvement. Through new cladding and enhancements to the square the project will improve the aesthetics, creating a new vibrant centre with opportunities for events.

25. The RIBA stage 2 cost plan has identified that a total £3.5m cost for the proposed project, including the enhancements to the atrium and Trinity Square. Subject to this decision the required £0.5m of funding to complete the project will be funded by the council.
26. It is also noted that in submitting the Maylord Orchards Library and Learning Resource Centre application, if funds are approved, it will lead to some increased annual revenue costs in operating an extended service from a new location such as staffing, service charges, utilities, and business rates.

## Community impact

27. The contributions of both projects with regard to positive impact on the community are set out in the business cases which accompany this report. On a national level, both projects contribute to the missions in HM Government's White Paper proposals on levelling up by
  - I. Enhancing Hereford as a city in which to live, work and study as well as visit, supporting the growth of the tourism industry as well as regenerating Hereford as the primary economic driver of Herefordshire
  - II. Providing new public facilities for local people, improving education, and enabling access to culture and heritage
  - III. Regenerating the city centre and creating a world class visitor and cultural facility
28. The projects contribute towards HM Government's 'Build Back Better: Our Plan for Growth' document published in March 2021. On page 13 of the report, the section dealing with infrastructure says that 'the Government will connect people to opportunity via the UK-wide Levelling Up Fund and UK Shared Prosperity Fund as well as the Towns Fund and High Street Fund to invest in local areas'. The report also references the need to reduce carbon emissions and this will be addressed by the use of EnerPhit principles in the design of the redeveloped museum.
29. The development projects also reflect the aspirations of the Arts Council England Strategy 2020-2030 which has three stated outcomes
  - I. Creative people – everyone can develop and express creativity throughout their life
  - II. Cultural communities – villages, towns and cities thrive through a collaborative approach to culture
  - III. A creative and cultural country – England's cultural sector is innovative, collaborative and international
30. Locally, a priority of Herefordshire Council's County Plan 2020-2024 is '*Use council land to create economic opportunities and bring higher paid jobs to the county*', and to '*Invest in education and the skills needed by employers*'. The County Plan also states '*We will work with partners to maximise the Stronger Towns Fund grant (up to £25m) awarded to Hereford and to support investment programmes across all our market towns*'. These projects support the ambitions as detailed within Herefordshire Council's Delivery Plan priorities, specifically community (CO0.1), economy (EC2.1, EC5.1) and environment (EN5.1, EN5.2)

## **Environmental Impact**

31. The redevelopment of the Broad Street building will be done using Passivhaus techniques to reduce the carbon footprint of the building as much as possible. The HMAG will become a national exemplar in seeking to achieve the Enerphit standard in a grade 2 listed building.
32. As Maylord Orchards Library and Learning Resource Centre is largely the internal fit out of an existing building, it is not possible to significantly enhance the environmental standards of the building as a whole. However, the project will seek to achieve the highest environmental standards wherever possible.
33. Aspects of stakeholder and public consultation will be done online and using video calls to reduce the amount of paper being used and to limit carbon emissions by reducing the need for travel.

## **Equality duty**

34. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

35. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Our providers will be made aware of their contractual requirements in regard to equality legislation.
36. Equality Impact Assessments have been carried out and recently updated for both projects and these will be reviewed regularly as the project progresses. The Equity Impact Assessments have been included in appendix 3 and appendix 4. The assessments identify a number of benefits, such as enabling access for all to all of the museum and art gallery (there is no access at all for anyone with a disability at present), and improving accessibility and facilities in Maylord Orchards.

## **Resource implications**

37. The HMAG project was seeking £5m from the Stronger Towns Fund, £5m from the National Heritage Lottery Fund (the first two stages of application have been approved), and the final £5m from Herefordshire Council. It was originally anticipated that the Herefordshire Council contribution would be provided through a loan to be repaid through the income generated in the museum. However, income advice commissioned as part of the development of the project has identified that this will not be possible.

38. The current RIBA stage 2 cost plan for the MHAG project has identified a cost of £15.5m. Recognising the still relatively early stage of design, current global inflation issues and that the costs are yet to be market tested, a budget of circa £18m is more likely to be required to meet the aspirations of the project. Therefore, it is proposed that up to £8m will be funded from the council's capital receipts reserve, subject to a recommendation to the Full Council to amend the capital budget.
39. The current RIBA stage 2 cost plan for the Maylord Orchard Library and Learning Resource Centre project has identified a cost of £3.5m to fully deliver the project, against a maximum Stronger Towns grant of £3m. To ensure the full aspirations and outcomes of the project can be achieved, it is also recommended that the £0.5m balance be funded through the council's capital receipts reserve.
40. At the end of the 2021/22 financial year there was a balance of £43.3m in the capital receipts reserve, of this £30.2m has been allocated to fund projects within the capital programme which leaves a balance of £13.1m that can be allocated to this and other projects when approved at full council.
41. To deliver an innovative and modern library and museum service the operational revenue budgets will need to be increased to cover staff costs, overheads, service charges and other operational costs. This will be covered as part of the medium term financial planning submission during the 23/24 revenue budget setting.

<b>Revenue or Capital cost of project (indicate R or C)</b>	<b>PY</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>Total</b>
Hereford Museum and Art Gallery (C)	2,026	1,397,974	10,800,000	5,800,000	18,000,000
<i>Hereford Museum and Art Gallery (R)</i>	0	26,901	53,802	148,929	229,632
<i>Maylord Library and Learning Resource Centre (C)</i>	1,109	766,891	2,732,000	0	3,500,000
<i>Maylord Library and Learning Resource Centre (R)</i>	0	0	145,181	248,882	394,063
<b>Total</b>	<b>3,135</b>	<b>2,191,766</b>	<b>13,585,802</b>	<b>6,106,069</b>	<b>21,886,772</b>

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2022/23 (including previous year)	2023/24	2024/25	Future Years	Total
<b>Hereford Museum &amp; Art Gallery</b>					
Stronger Towns Fund (capital)	400,000	3,792,065	807,935		£5,000,000
Heritage Lottery (capital)	77,000	2,492,750	2,430,250		£5,000,000
Herefordshire Council Funding (funded via capital receipts)	923,000	4,515,185	2,561,815		£8,000,000
Herefordshire Council (Revenue)					
Total	1,400,000	10,800,000	5,800,000		18,000,000
<b>Maylord Orchards</b>					
Stronger Towns Fund (capital)	268,000	2,732,000			3,000,000
Herefordshire Council Funding (funded via capital receipts)	500,000				500,000
Total	768,000	2,732,000			3,500,000
<b>Programme Total</b>	<b>2,168,000</b>	<b>13,532,000</b>	<b>5,800,000</b>		<b>21,500,000</b>

## Legal implications

42. The combination of funding streams required to enable these significant projects to progress suggests a need for an overarching agreement between the funding bodies and an accountable body to ensure deliver of these projects.

## Risk management

Risk	Mitigation
<p>Herefordshire Council declines to apply for funding to the Stronger Towns Fund and fund the projects as recommended from the capital programme; and to cover the additional costs with contingencies to ensure the projects proceed.</p> <p>The city and county lose the opportunity for an income generating attraction and increased profile; residents of Herefordshire lose the opportunity better to engage with their culture and heritage; by not pursuing the a major development to benefit both residents and visitors to the county and the opportunity to support the local visitor economy.</p>	<p>Support for the developments has come through the offering of a total of £8 million across both projects from the Government Stronger Towns Fund. Not ensuring the continuation of the developments would mean the loss of the opportunity to utilise this funding for the benefit of the county. Support for the process has been shown through previous Cabinet decisions.</p>
<p>Hereford Museum and Art Gallery: Operating Model (Revenue Report) forecasts that the museum and art gallery are unable to make the required revenue to pay back the Herefordshire Council loan.</p>	<p>This decision paper is requesting that the £5 million council contribution is funded from capital receipts rather than a loan, whilst also requesting an additional £3 million (£8 million total).</p>
<p>Changes in government Stronger Towns funding programme, leading to reduced funding, meaning the scope of the</p>	<p>Final funding decisions in relation to Stronger Towns fund will be made between June and September 2022, with confirmation of how much</p>

<p>projects would need to be revised to meet the new budget.</p>	<p>Stronger Towns funding we have secured for the projects. In relation to the Museum and Art Gallery, the project team will be aware of funding secured by the time the development stage application is made to National Lottery Heritage Fund, ensuring cost certainty for this element of the funding package.</p>
<p>Change of administration during project development period resulting in a change in council priorities, delaying or questioning the project's value/futures.</p>	<p>Stronger Towns Funding terms and conditions and commitments made by the council to the Stronger Towns fund, as well as cross party support, will mitigate this.</p>
<p>Timescales for National Heritage Lottery funding and Stronger Towns fund do not match, and may cause delays.</p>	<p>The issue of timing has been discussed with National Heritage Lottery Fund. They are used to working on projects with complex funding packages and with projects that are therefore working to a range of dates.</p> <p>Whilst this leads to some complexity, it does mean the project will have secured this funding in advance of the development phase application to the National Heritage Lottery Fund, which is a positive position for the project Museum and Art Gallery project to move forward.</p>
<p>Cabinet does not agree to the recommendation to appoint a Museum Director, thereby reducing the possibilities for strategic management, development and promotion of the new museum and the service.</p>	<p>Recruiting a Head of Museums and Arts will ensure the best opportunity for the redeveloped museum and art gallery to deliver its outcomes, to ensure the essential professional knowledge for it to develop and to provide the best chance for it to succeed.</p>
<p>Projects fail to secure planning permission (and listed building consent for the museum and art gallery).</p> <p>If planning permission for either project is not obtained, the projects will face delays to delivery and cost implications.</p>	<p><b>Library and Learning Resource Centre:</b> The project is primarily focussed on internal renovations to the current atrium and building. Following the completion of the Pre-Application process, the project team will continue to engage with Planning Officers throughout RIBA Stages 2, 3 and 4.</p> <p><b>Hereford Museum and Art Gallery:</b> The project team continues to work with Historic England and have sought pre-planning advice. Letters of support from have been received in the form of pre-planning feedback from Herefordshire Council's Planning Officer and pre-planning feedback from Herefordshire Council's Conservation Officer.</p>
<p>The Learning Resource Centre is not utilised by local residents, business, partners, etc. If the Learning Resource Centre does not generate the required income to cover the service charges, this would create a cost pressure on the service.</p>	<p>The project team have identified existing Council services who will utilise some of the bookable spaces daily, once available. In addition, the rentable spaces are being designed to remain flexible to maximise their uses for a diverse group of users. The project team has also procured a consultant expertise 'Take The Current' who have produced a revenue report to strengthen the need</p>

<p>The Cafe and Learning Resource Centre are unable to generate enough income to cover the service charges/business rates. This would create cost pressures on the services and the café would struggle to attract operators.</p>	<p>for rentable spaces; high quality meeting rooms, which are well managed, are key to its success.</p> <p>Take the Current also identified that a commercial café, run by an external operator will generate enough income to cover its business rates and service charges.</p>
<p>Café does not attract an operator. This would create additional cost pressures on the service and Reputational damage to the Herefordshire Council.</p>	<p><b>Library and Learning Resource Centre:</b> The Maylord Orchards Centre Manager has already secured a community café operator who is currently using the exiting café space until the project commences. This demonstrates that there is demand for a café in this area of the city. The project team will continue to work with the design team to ensure the new space is desirable to future operators. Cafes have previously operated from the centre for a number of years, with a social enterprise currently in situ.</p> <p><b>Hereford Museum and Art Gallery:</b> The project team will continue to work with the design team to ensure the new space is desirable to future operators.</p>
<p>The Hereford Museum and Art Gallery attracts lower visitor numbers than forecast, resulting in lost income and reputational damage.</p>	<p>The quality of the exhibitions and activities are essential to this. A significant amount of funding has been allocated to ensure that the end product is of a high quality. Experienced staff are in place to work with the community and engage people in new heritage experiences, but additional staffing resource is required, as outlined within this decision paper. Marketing will also be critical to the ongoing success of the Museum and Art Gallery. A significant marketing budget has been allowed for in the business model.</p>
<p>Projects are over budget due to incorrect assumptions at feasibility. The projects would face value engineering to bring the cost within in budget and some objectives may not be delivered. This could also delay the projects.</p>	<p>The project team is working closely with Mace and the design teams to look at ways achieve both project's main objectives, whilst delivering within budget.</p> <p>This decision paper requests additional funding in order to further mitigate this risk.</p>
<p>Rise in inflation may result in an increase in costs. Work Packages and project requirements become over budget; value engineering opportunities may not be viable as works remain the same, but costs change.</p>	<p>The project will need to consider: value engineering, or reducing the project scope. As above, this decision paper requests additional funding in order to further mitigate this risk.</p>
<p>Unable to procure contractor to undertake the physical work. This would result in delays to the project timetable and additional costs</p>	<p>The project team is working closely with Herefordshire Council procurement team and with Mace's procurement team, who understand the current market. This expertise and advice will reduce this risk.</p>
<p>Procurement timeframes are longer than expected. Delays to project delivery and additional cost.</p>	<p>The project team is working closely with Herefordshire Council procurement team and with Mace's procurement team, who understand the</p>

	current market. This expertise and advice will reduce this risk.
Stronger Towns Board Full Business Case response is not received within the project predicted timeframe. The projects will not move forward if we do not received positive feedback from the Stronger Towns Board and Central Government once the full business cases have been submitted within the time frames that match the programme timeline.	The Stronger Towns assurance process will review and recommend changes before submission to Central government.
Grant applications unsuccessful, development costs create revenue pressure.	A technical team have been appointed to develop a comprehensive grant application. Cabinet aware of the risk through key decisions to be taken in February 2022. Alternative reserve to be identified to meet risk of project unsuccessful.
Additional staffing required to fulfil the business model developed by 'Take the Current'. Costs of additional staffing will need to be covered in order to ensure viability of the future business plan. An under resourced museum and art gallery, and library and learning resource centre will not be sustainable.	This decision paper requests support for additional staff and revenue budget in order to fully resource these services and ensure that service delivery is sustainable.
Unforeseen works are identified once works are underway during 'strip out', or when surveys are undertaken, resulting to increased costs and delays to the projects.	A number of surveys have already been commissioned or completed which inform costs and designs across both projects. Further survey works will be carried out over the life of these projects to ascertain building condition before strip out occurs. Contingency has been built into the budget.
Project not delivered on time or not delivered within the allocated budget, resulting in reputational damage, potential funding claw back, and further delay to the projects.	The project team will ensure continued communication with funding providers throughout the life of the project, and will raise any issues via the council's Project Management Office monitoring procedure.  Project team will also work closely with the governance team and funding partners to map out timelines and key milestones.
Delays to start dates of tasks and milestones due Herefordshire Council governance and funder requirements, resulting in reputational damage, delays to the project, and financial implications.	Project team to work closely with the governance team and funding partners to map out timelines and key milestones. Time allows in the current timetable.

Risks will be managed at corporate level with regular reporting to the Corporate Leadership Team as required.

### Consultees

43. Consultation with political groups is taking place on these recommendations. Consultation strategies for the design and service delivery elements of both projects have been developed by

Archetype in conjunction with the Council and are currently being implemented, involving staff, key stakeholders and the wider public.

## Appendices

1. Hereford Museum & Art Gallery Redevelopment Business Case
2. Maylord Orchard Redevelopment Business Case
3. Hereford Museum and Art Gallery Equality Impact Assessment
4. Mayiord Orchard and Learning Resource Centre Equality Impact Assessment

## Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	Sarah Buffrey	Date 18/6/22
Finance	Karen Morris	Date 19/06/22
Legal	Simon Aley	Date 19/6/22
Communications	Alex Floyd	Date 21/02/2022
Equality Duty	Carol Trachonitis	Date 16/06/2022
Procurement	Mark Cage	Date 16/02/2022
Risk	Kevin Lloyd	Date 16/02/2022
Approved by	Ross Cook	Date 21/06/2022



## Equality Impact Assessment (EIA) Form

Please read EIA guidelines when completing this form

### 1. Name of Service Area/Directorate

<b>Name of Head of Service for area being assessed</b>	Roger Allonby
<b>Directorate</b>	E&P

<b>Individual(s) completing this assessment</b>	<b>Name</b>	<b>Job Title</b>
	Jon Chedgzoy	Museums, Libraries & Archives Manager
<b>Date assessment completed</b>	30/5/2022	

### 2. What is being assessed

Activity being assessed (eg. policy, procedure, document, service redesign, strategy etc.)	Proposed redevelopment of Maylord Orchard Shopping Centre through a Towns Fund application, creating a new venue for Hereford Library and a Learning Resource Centre		
What is the aim, purpose and/or intended outcomes of this activity?	<p>Aim: To refurbish and modernise an existing 1980s shopping centre to create space to include a public library and create a Learning Resource Centre.</p> <p>Outcome: modernised shopping centre including a public library and Learning Resource Centre.</p>		
Name of lead for activity	Roger Allonby		
Who will be affected by the development and implementation of this activity?	<input checked="" type="checkbox"/> Service Users <input type="checkbox"/> Patients <input type="checkbox"/> Carers <input checked="" type="checkbox"/> Visitors	<input checked="" type="checkbox"/> Staff <input checked="" type="checkbox"/> Communities <input type="checkbox"/> Other _____	
Is this:	<input type="checkbox"/> Review of an existing activity <input checked="" type="checkbox"/> New activity <input type="checkbox"/> Planning to withdraw or reduce a service, activity or presence?		
What information and evidence have you reviewed to help inform this assessment? (name sources, eg demographic information for services/staff groups affected, complaints etc.)	<p>Nationally the market demand for physical retail space in town and city centres has been in decline for some time, particularly large box retail space in covered (such as atrium space which is expensive to heat and maintain). Covid 19 has accelerated this decline.</p> <p>Prior to the council securing control of Maylord Orchards in June 2020 the shopping centre had suffered from a period of under investment, with increasing numbers of vacant retail units. Facilities such as the public</p>		

	<p>toilets were closed to reduce costs, having an impact on the wider city centre with a lack of amenities available.</p> <p>The proposed project will refurbish the current shopping centre, creating a modern highly accessible space to attract visitors and residents. The project will also create a new home for Hereford library and create a new Learning Resource Centre – providing a wide range of community focussed accessible facilities such as a café, library, and learning facilities.</p>
<p>Summary of engagement or consultation undertaken (eg. who and how have you engaged with, or why do you believe this is not required)</p>	<p>The project is being brought forward as part of the development of the Hereford Town Investment Plan (TIP) development. The development of the plan has included significant engagement with stakeholders and the general public through a website and survey.</p> <p>The Maylord Orchard development is currently being planned and designed. A consultation strategy document has been developed in conjunction with Architype who are the architects working on the project. Consultation has already taken place and is ongoing with library and adult learning services staff as well as with elected members and key stakeholders. Further consultation will be undertaken during the further development of the project.</p>
<p>Summary of relevant findings</p>	<p>There is broad support for the redevelopment of the now dated Maylord Orchard shopping centre, particularly for a Learning Resource Centre delivering social value outcomes.</p>

### 3. The impact of this activity

Please consider the potential impact of this activity (during development and implementation) on each of the equality groups outlined below. **Please tick one or more impact box below for each Equality Group and explain your rationale.** Please note it is possible for the potential impact to be both positive and negative within the same equality group and this should be recorded. Remember to consider the impact on staff, public, patients, carers etc. in these equality groups.

Equality Group	Potential <u>positive</u> impact	Potential <u>neutral</u> impact	Potential <u>negative</u> impact	Please explain your reasons for any potential positive, neutral or negative impact identified
Age	X			<p>Modernisation of the shopping centre will improve accessibility for all ages and mobility needs. For example, public toilet facilities meeting the highest standards of access for people with a disability. Also the library and learning centre will be fully accessible, addressing some of the access issues at the current library caused by problems with lift access.</p> <p>The learning centre and library space will be open to all, aiding the development of skills to enable people to access higher value employment opportunities and improve their health and wellbeing. Adult Learning Services will deliver courses to improve people’s skills and there will be space in the resource centre and library to work with partners to deliver events and activities to promote positive health and wellbeing agendas.</p> <p>The café connecting to the library will provide a safe space for social engagement and delivery of public services.</p>
Disability	X			
Gender Reassignment		X		
Marriage & Civil Partnerships		X		
Pregnancy & Maternity		X		
Race (including Travelling Communities and people of other nationalities)		X		
Religion & Belief		X		
Sex		X		
Sexual Orientation		X		
Other Vulnerable and Disadvantaged Groups (eg. carers, care leavers, homeless, social/ economic deprivation, etc)	X			
Health Inequalities (any preventable, unfair & unjust differences in health status between groups, populations or individuals that arise from the unequal distribution of social, environmental & economic conditions within societies)		X		

What actions will you take to mitigate any potential negative impacts?	Risk identified	Actions required to reduce/ eliminate negative impact	Who will lead on the action?	Timeframe
	Design of the building restricts access	Professional technical teams will lead the design and implementation of the changes	RA	Currently ongoing as part of the design process

### 4. Monitoring and review

How will you monitor these actions?	A Towns Fund Project Board will oversee the development of the projects. Any future redevelopment would be subject to a cabinet decision, including a review of equality impacts.
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<p><b>When will you review this EIA?</b> (eg in a service redesign, this EIA should be revisited regularly throughout the design &amp; implementation)</p>	<p>This EIA has been reviewed ahead of submission of the full business case for consideration. It will be reviewed on a monthly basis after the business case has been submitted. It will also be reviewed in between monthly revisions should circumstances arise that require it.</p>
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## 5. Equality Statement

- All public bodies have a statutory duty under the Equality Act 2010 to set out arrangements to assess and consult on how their policies and functions impact on the 9 protected characteristics.
- Herefordshire Council will challenge discrimination, promote equality, respect human rights, and design and implement services, policies and measures that meet the diverse needs of our service, and population, ensuring that none are placed at a disadvantage over others.
- All staff are expected to deliver services and provide services and care in a manner which respects the individuality of service users, patients, carers etc, and as such treat them and members of the workforce respectfully, paying due regard to the 9 protected characteristics.

<p><b>Signature of person completing EIA</b></p>	
<p><b>Date signed</b></p>	<p>30.5.22</p>

## Equality Impact Assessment (EIA) Form

Please read EIA guidelines when completing this form

### 1. Name of Service Area/Directorate

<b>Name of Head of Service for area being assessed</b>	Chris Jenner
<b>Directorate</b>	Community Wellbeing

<b>Individual(s) completing this assessment</b>	<b>Name</b>	<b>Job Title</b>
	Jon Chedgzoy	Museums, Libraries & Archives Manager
<b>Date assessment completed</b>	17/5/22	

### 2. What is being assessed

Activity being assessed (eg. policy, procedure, document, service redesign, strategy etc.)	Proposed redevelopment of Hereford Museum and Art Gallery		
What is the aim, purpose and/or intended outcomes of this activity?	<p>Aim: To redevelop the Hereford Museum and Art Galley creating a modern high quality visitor attraction in the city, and improving access to culture for all.</p> <p>Outcome: modernised museum and art gallery, offering visitors and residents access to culture, new experiences and learning opportunities.</p>		
Name of lead for activity	Roger Allonby		
Who will be affected by the development and implementation of this activity?	<input checked="" type="checkbox"/> Service Users <input type="checkbox"/> Patients <input type="checkbox"/> Carers <input checked="" type="checkbox"/> Visitors	<input checked="" type="checkbox"/> Staff <input checked="" type="checkbox"/> Communities <input type="checkbox"/> Other _____	
Is this:	<input type="checkbox"/> Review of an existing activity <input checked="" type="checkbox"/> New activity <input type="checkbox"/> Planning to withdraw or reduce a service, activity or presence?		
What information and evidence have you reviewed to help inform this assessment? (name sources, eg demographic information for services/staff groups affected, complaints etc.)	<p>Only a small proportion of visitors to Herefordshire as county visit the city, this leads to a low average visitor spend across the county as a whole. Through creating a new focal point for visits to the city, the new museum will provide a primary attractor encouraging existing visitors to extend their stay and new visitors come to the Hereford.</p> <p>The current museum and art gallery is limited in terms of accessibility, is dated, of limited size, and will be unable to showcase new exhibitions such as the Herefordshire Hoard.</p>		

	<p>The project will create a cultural hub to promote and celebrate the heritage, creativity, design and entrepreneurship of the county. The facility would enable national and international exhibitions to come to Hereford. The building would include space for digital exploration, and provide a digital gateway for the public. The project will encourage and deliver Community involvement and engagement. The facility would require skills investment and the creation of new jobs.</p> <p>The project will also provide new skills development opportunities through work placements in for example archaeology and a Café and restaurant employing staff and offering NVQs.</p>
<p>Summary of engagement or consultation undertaken (eg. who and how have you engaged with, or why do you believe this is not required)</p>	<p>The project is being brought forward as part of the development of the Hereford Town Investment Plan (TIP) development. The TIP was submitted to Government in January 2021 and subsequently an offer of £5m funding for the scheme has been received from Government.</p> <p>The development of the plan includes significant engagement with stakeholders and the general public. A consultation strategy has been developed in conjunction with Archetype – the project’s architects – and this is currently being implemented. The consultation process has begun with staff and will then be rolled out to key stakeholder groups and the wider public.</p> <p>The development of the TIP is being led by a partnership Board including representatives from public, private, education, and community/ voluntary sectors.</p>
<p>Summary of relevant findings</p>	<p>There is broad support for the redevelopment of the now dated Museum and Art Gallery redevelopment, creating a new primary visitor attraction and improving access to culture for all. The development would also contribute to the local economy by encouraging footfall into the city centre with the resulting spend in local businesses and hospitality venues.</p>

### 3. The impact of this activity

Please consider the potential impact of this activity (during development and implementation) on each of the equality groups outlined below. **Please tick one or more impact box below for each Equality Group and explain your rationale.** Please note it is possible for the potential impact to be both positive and negative within the same equality group and this should be recorded. Remember to consider the impact on staff, public, patients, carers etc. in these equality groups.

Equality Group	Potential <u>positive</u> impact	Potential <u>neutral</u> impact	Potential <u>negative</u> impact	Please explain your reasons for any potential positive, neutral or negative impact identified
Age	X			<p>A modernised museum and library building will improve accessibility for all.</p> <p>Access to cultural and learning opportunities in the new museum will improve their health and wellbeing for the local population.</p> <p>Attracting more visitors to the city will help sustain and create new employment opportunities as the city looks to recover from the significant impacts of Covid 19.</p>
Disability	X			
Gender Reassignment		X		
Marriage & Civil Partnerships		X		
Pregnancy & Maternity	X			
Race (including Travelling Communities and people of other nationalities)		X		
Religion & Belief		X		
Sex		X		
Sexual Orientation		X		
Other Vulnerable and Disadvantaged Groups (eg. carers, care leavers, homeless, social/ economic deprivation, etc)	X			
Health Inequalities (any preventable, unfair & unjust differences in health status between groups, populations or individuals that arise from the unequal distribution of social, environmental & economic conditions within societies)		X		

What actions will you take to mitigate any potential negative impacts?	Risk identified	Actions required to reduce/ eliminate negative impact	Who will lead on the action?	Timeframe
	Design of the building restricts access	Professional technical teams will lead the design and implementation of the changes to ensure redeveloped site has full access to all areas to comply with relevant legislation	JC	Ongoing

### 4. Monitoring and review

<b>How will you monitor these actions?</b>	A Towns Fund Project Board will oversee the development of the projects. An updated EIA will be submitted along with other relevant papers for consideration at each stage of Herefordshire Council's Governance process
<b>When will you review this EIA?</b> (eg in a service redesign, this EIA should be revisited regularly throughout the design & implementation)	Once submission of the Final Business Case is made in June 2022, the EIA will be reviewed on a monthly basis as the project progresses.

## 5. Equality Statement

- All public bodies have a statutory duty under the Equality Act 2010 to set out arrangements to assess and consult on how their policies and functions impact on the 9 protected characteristics.
- Herefordshire Council will challenge discrimination, promote equality, respect human rights, and design and implement services, policies and measures that meet the diverse needs of our service, and population, ensuring that none are placed at a disadvantage over others.
- All staff are expected to deliver services and provide services and care in a manner which respects the individuality of service users, patients, carers etc, and as such treat them and members of the workforce respectfully, paying due regard to the 9 protected characteristics.

<b>Signature of person completing EIA</b>	
<b>Date signed</b>	17.5.22

# Stage 2 – Business Case Template

*Business Case template (optional) to be used by Towns as guidance for structuring their business cases*

**Version 4: 19 August 2021**

## VERSION CONTROL

Document version	Publication date	Description of changes	Modified by
1	8 <sup>th</sup> March 2021	First release of the <i>Stage 2 – Business Case Template</i>	TFDP
2	25 <sup>th</sup> March 2021	Updates to the Strategic Case, Financial and Commercial Cases to provide additional context and guidance for these cases	TFDP
3	24 <sup>th</sup> June 2021	Updates to the Economic Case with the new example summary table, as well as confirmation of the price year of economic costs and benefits (2021 prices).	TFDP
4	19 <sup>th</sup> August 2021	Updated with the revised Annex C – Summary Document template	TFDP

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## MCHLG Summary Document Template

## TFDP Proportionality Guide

Appendix 1- Income generation report (Take the Current Ltd)

Appendix 2- RIBA stage 2 report (Mace Ltd)

Appendix 2a- RIBA stage 2 report appendices (Mace Ltd)

Appendix 3- RIBA Stage 2 cost plan (Mace Ltd)

Appendix 4- NHLF Stage 2 funding approval letter

Appendix 5- Pre-planning feedback Planning Officer (HC)

Appendix 5a- Pre-planning feedback Conservation Officer (HC)

Appendix 6- Contract procedure rules (HC Governance)

Appendix 7- Equality impact assessment

Appendix 8- Museum feedback survey Findings

Appendix 9- Risk log (HC)

Appendix 10- Risk register (Mace Ltd)

Appendix 11- Pre-planning feedback (Historic England)

Appendix 12- Letter of support (HMSSG)

# FOREWORD FROM TFDP

## Writing a business case

A business case is a document that captures the rationale for investing in a project, how it fits into the overall strategic context of the town's development, as well as the benefits it will deliver. The business case also captures how the project will be financed, procured, and managed.

This means that the development of a business case should not be considered a hurdle to be overcome, or simply a 'box to tick'. It is a key document that allows you to make good decisions by structuring and capturing your thinking for a project, ensuring all stakeholders understand and are aligned on the why, what, and how of the project. It can help you to quantify the opportunity, prioritise your activities and capture key assumptions and risks.

A business case should be something you refer back to as you progress through project development and into project delivery – it shouldn't just be something that is produced to gain approval and then forgotten about.

Importantly, the production of a business case should not be an activity to be 'feared'. You may have experience of having read some very long, complex business cases in the past but that does not mean that all Business Cases have to be soulless and dull! A business case must tell a story – and, ultimately, demonstrate that your ideas will enable you to meet your goals.

Think of your business case as a tool to make good decisions - the process of developing and writing the business case helps to clarify the next level of detail of your thinking, and as Eisenhower said: plans are nothing, planning is everything.

## Using this Business Case Template

We have developed this template to help towns have a sound structure for developing their business cases in line with government guidance and best practice. You should adapt it to your needs and specific cases, and we have attached a 'Proportionality Guide' that helps you consider the level of detail required for business cases of different values or levels of complexity.

### There are two important things to note:

1. **This Template is optional.** It should be useful as a guide and prompt in preparing your business cases, but it is not a requirement of MHCLG or TFDP.
2. **Towns are not required to submit their business cases to MHCLG unless it states so in their Heads of Terms agreement.** Business cases are signed off locally, and should be prepared in line with local requirements and assurance processes. You should engage early with your representative from your accountable body (e.g., your S151 officer) to confirm what these requirements and processes are.

# BUSINESS CASE TEMPLATE GUIDE

## Purpose of this Guide

- Developed by the TFDP to support Towns in producing Business Cases which cover a common standard of requirements to align with HM Treasury's Five Case business case model.
- Neither exhaustive nor comprehensive, but it provides a common roadmap of the main components that should be addressed
- Should be used alongside [HM Treasury's Green Book Guidance](#) and other key Government guidance documents, including:
  - [Business case project guidance](#)
  - [MHCLG guidance](#)
  - [DfT Transport appraisal guidance](#) (where relevant)

## How to use this guide (what it is and what it is not)

- **Usage of this guide is optional.** Towns may choose to use it to support their business case development. Given that assurance and sign off processes are locally-defined, Towns should agree whether this template is appropriate for their business cases with their local assurance and sign off stakeholders.
- The **Proportionality Guide** appended to this Template should help you determine the level of detail required for each business case.
- This template has been prepared for individual projects, in line with the MHCLG Stage 2 guidance. However, if a project consists of a package of smaller interventions, these can be grouped into one business case, as long as a strong strategic case is put forward demonstrating how the separate interventions link together to deliver a coherent vision. The value for money assessment must cover the project as a whole, but each intervention must be costed in the Financial Case. Please get in contact with your TFDP business case specialist if you have questions about adapting this template for a programme business case. You can identify your local business case support specialist through your Town Coordinator.
- Towns should use their best judgement regarding emphasis and levels of detail for each section, which should vary depending on the case and type of project. Note that the level of detail should be proportional to the size of the project.
- Towns should adapt tables or formatting however they see fit; this is in no way a style or formatting guide.
- Questions regarding the use of this template or its contents should be directed to your local business case representative.

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# BUSINESS CASE

## Hereford Museum and Art Gallery (HMAG)



# EXECUTIVE SUMMARY

## STRATEGIC CASE

This full business case supports the proposed redevelopment of the current Hereford Library, Museum and Art Gallery (HMAG) to create a world class cultural and visitor experience at the heart of Hereford city. The Hereford Town Investment Plan recognises that *'Hereford's strongest assets are its unique heritage and distinctive rural identity, with 316 listed buildings, 12% of its total footprint given over to green space, a fabulous river corridor and a globally significant collection of treasures including its Cathedral, Magna Carta, Mappa Mundi and the Herefordshire Hoard'*.

However, the Town Investment Plan also recognises that Hereford underperforms in terms of its tourism potential. *'Hereford's tourism performance is modest. It only has the same proportion of jobs in accommodation and food services and a lower proportion of jobs in arts, entertainment and recreation than the England average. It would not be unreasonable for a city with the potential of Hereford in this context to have 3-5 times more employees in these sectors than the national average'*. In particular, only a small proportion of visitors to the wider county visit the city during their stay. A key challenge is the lack of a prominent high quality, high profile attraction, which builds on the City / County's significant heritage, offering a range of services including national and international exhibitions. The Town Investment Plan states: *'Hereford is an important heritage centre with assets that have significantly underperformed their potential as tourist attractions. Our current museum and art gallery, along with aspects of the Cathedral visitor offer, are in urgent need of contemporary refreshment and updating'*.

The limitations of the current building also severely restricts local communities of all ages and backgrounds access to their heritage and culture. At present, only 10 people at a time can access the limited museum and art gallery space. There are thousands of heritage items held in storage with no room to display or access them. The county is also seeking to secure the Viking Hoard that was discovered in the county in 2015, but currently has no means to make this available to public / local communities.

The proposed £15m redevelopment of HMAG will transform the current grade 2 listed building, creating a world class visitor experience, and a museum and art gallery offer of regional significance. The project will also create a high quality facility offering local people access to their heritage, to education / skills development, and to a prominent building at the heart of the city. The project will significantly enhance the sense of place, significantly contributing to the regeneration and re-purposing of the city as a whole.

The redevelopment will keep the original grade 2 listed Victorian gothic façade of the building, plus the original rooms and features behind that façade, while providing an enhanced museum experience and improved gallery and community space in the rest of the building. The refurbishment will renew and reactivate a powerful, dormant asset in the city and for the county, which aims to both enliven and enrich the city; creating a more skilled, fairer, greener, more connected place to live, visit and work.

## ECONOMIC CASE

Herefordshire faces some significant long term economic challenges, further impacted through Covid 19. In particular the visitor economy, non-essential retail and cultural sectors were the worst impacted by Covid 19, required to close for many months during lockdowns.

Herefordshire has the lowest<sup>1</sup> county tier Gross Value Added (GVA) or any county in England and is the second lowest in the UK (second to our neighbor Powys). Average weekly wages are 20% below the national average, 39% of residents have a NVQ level 4 or above qualification compared to a national average of 43%, 24% of the population are aged over 65<sup>2</sup>, and the county is a Higher Education and

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<sup>1</sup> [Mapping inequality in the UK \(ons.gov.uk\)](https://ons.gov.uk)

<sup>2</sup> [Economy & place - Understanding Herefordshire](#)

social mobility 'cold spot'. As younger generations reach higher education age they have tended to move away to access university education, and we don't have the higher level jobs to attract them back.

The HMAG project will establish prominent high quality visitor attraction at the heart of the city, in the 'Cathedral Quarter'. It will be home to the Herefordshire Hoard, display a wide range of local heritage, and attract national and international exhibitions to the city. Establishing a significant new attraction will attract visitors to the museum and city in its own right, but will also attract existing visitors to the wider county to visit the city as well (now offering an attraction of note), increasing length of stay and significantly increasing spend.

However, the project will also play a prominent role in place shaping, regenerating the city centre. In order to attract people to live, work and study in the city, as well as visit, the project will significantly enhance the cultural offer of the city, the sense of place and community wellbeing. A place for local people to connect with their heritage, and wider community. Creating a cultural and heritage quarter opposite the outstanding cathedral, home to the Mappa Mundi, reinvigorating a grade 2 listed building, creating a connection between high town and the planned developments along the riverside through the Southside project.

In terms of the specific economic case for the project, the current museum (one room of static displays) is currently limited to 10 visitors at any one time (due to fire regulations), imposed from September 2021. Without significant change the museum becomes unviable, and would not be possible to reach pre Covid numbers of 20,000 visitors let alone address the tourism underperformance identified in the Town Investment Plan. The restrictions on numbers means it is very unlikely the current art gallery could attract any significant exhibitions either.

The Take the Current Income Generation study (appendix 1) identifies that the redeveloped museum and art gallery could attract 75,000 visitors per annum from year 3 post construction completion. Based on the STEAM Economic Impact Assessment for 2019, visitors spent £34 per day on average in the county. Therefore the proposed project would generate a visitor spend of circa £2.5m per annum, with the structural changes to the building having a lifetime of circa 40 years.

The project will deliver the following outputs post construction completion:

<b>Output</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Visitor Numbers To Arts Cultural Events or Venues	65,000	70,000	75,000
Jobs Created	7.1		
New Upgraded Museum/ Art Venues (per sqm)	3,021sqm		
Increase in local skills in response to local need (learner numbers)	124	230	230

### **Outcomes**

- Perceptions of the place by residents / visitors / businesses
- Numbers of visitors to arts, heritage and cultural events and venues
- Numbers of new learners assisted

## FINANCIAL CASE

In developing the financial case, Herefordshire Council has procured a wide range of specialist technical support and advice. For further details on how the following financial case has been developed please see the full Finance Case section below, and the following appendices:

Appendix 1 – Income Generation report by Take the Current consultants

Appendix 2 – RIBA Stage 2 Report by specialist design team

Appendix 3 – RIBA stage 2 details cost plan by specialist design team

### Capital Costs

Element	Element Total	Total
<b>Elements included in Mace Ltd Cost Plan(RIBA Stage 2)</b>		
Facilitating Works	£ 135,000.00	
Building Works (Excel Externals)	£ 7,825,446.00	
External Works	£ -	
Main Contractors Prelims(17%)	£ 1,353,276.00	
Main Contractor OH&P(5%)	£ 465,686.00	
Main Contractor Risk(5%)	£ 488,970.00	
Professional Fees	£ 2,344,956.00	
Inflation; to 4Q23(8%)	£ 1,009,067.00	
Contingency(10%)	£ 1,362,240.00	
<b>Sub Total</b>		<b>£ 14,984,641.00</b>
<b>Elements not included in Mace Ltd Cost Plan(RIBA Stage 2)</b>		
Digital Infrastructure	£ 5,000.00	
Underpinning	£ 63,450.00	
Procurement costs 0.3%	£ 24,824.00	
PMO Cost	£ 170,000.00	
Planning Cost	£ 5,000.00	
Third Party Compensation(Estimate)	£ 1,006.00	
Income Generation Report	£ 9,555.00	
NHLF Required Activities	£ 250,100.00	
<b>Sub Total</b>		<b>£ 528,935.00</b>
<b>Total</b>		<b>£ 15,513,576.00</b>

Revenue budget implications	2022/23	2023/24	2024/25	Future Years Average of Yrs 4 - 8 once fully open
<i>note any impact on revenue budget, good or bad</i>	£000	£000	£000	£000
Opening set for January 2025. Income	0	0	£132,196	£611,387
Expenditure	£26,901	£53,802	£148,929	£670,205
<b>TOTAL</b>	<b>£26,901</b>	<b>£53,802</b>	<b>£16,733</b>	<b>£58,818</b>

## Current Funding Streams

Below sets out the funding which has been agreed to date. Herefordshire Council is currently progressing a governance decision to approve additional funding required for the project. This process will ensure that any costs are underwritten, but will not conclude until July 2022.

<b>Funding streams (Indicate revenue or capital funding requirement)</b>	<b>Total</b>
Stronger Towns Fund (secured capital)	<b>£5,000,000</b>
Heritage Lottery (capital)	<b>£5,000,000</b>
Herefordshire Council funding	<b>£5,000,000</b>
<b>TOTAL</b>	<b>£15,000,000</b>

## Financial year forecast

<b>Financial Year Forecast Costings</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>Future Years</b>	<b>Total</b>
	<b>1,400,000</b>	<b>5,800,000</b>	<b>7,800,000</b>		<b>15,000,000</b>

## COMMERCIAL CASE

To inform the development of the Full Business Case Herefordshire has commissioned a range of technical advice from experts in their respective fields. This includes Take the Current, who have undertaken a detailed feasibility study (appendix 1) for the development. Alongside this, Herefordshire Council has commissioned Mace to establish a wide ranging design team (please see Procurement section below) to lead the capital elements of the project. Take the Current and Mace have worked closely in developing the commercial case, ensuring the design of the building maximizes the income required to ensure HMAG remains sustainable and viable whilst delivering the highest possible visitor experience.

In developing the income generation report, Take the Current have identified museums and art galleries from across the country in terms of size, provision of services and proximity (please see page 9 onwards of the Take the Current Report). The analysis of similar museums and art galleries, as well as visitor trends and Herefordshire own circumstances has provided a basis to forecast future visitor numbers to the museum.

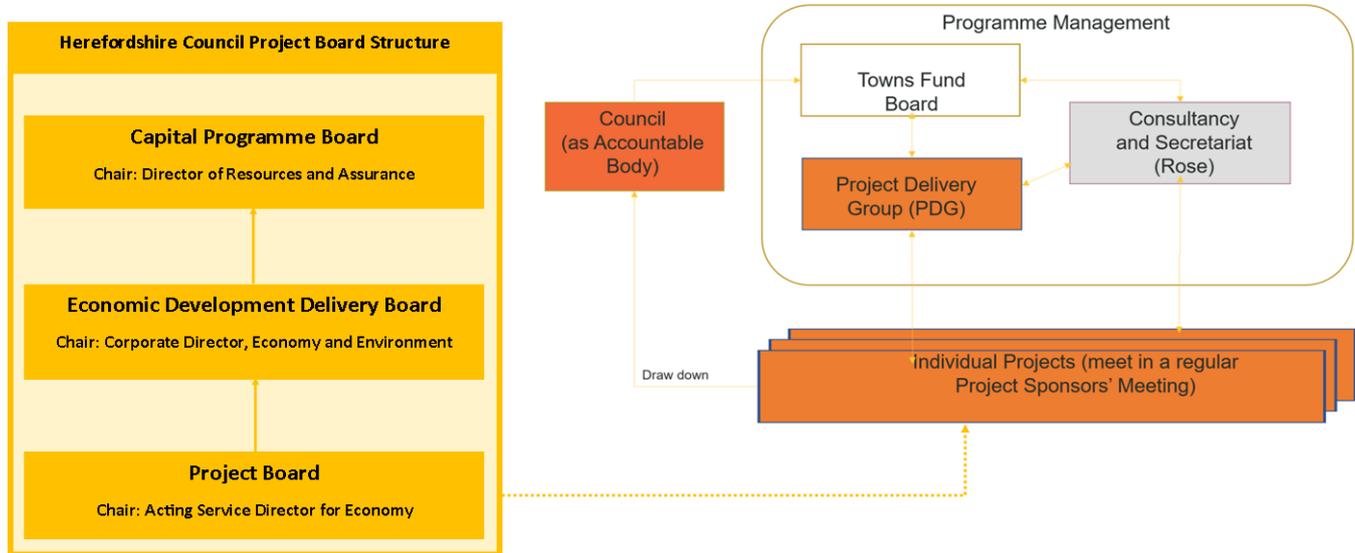
A sensitivity analysis has been undertaken on visitor figures which shows a worse case (55,000 visitors) and best case (75,000 visitors). The report also provides a detailed assessment of likely income available to museums have been considered to ascertain the best mix to enable the new museum to be sustainable. The main sources are: admission (entry and exhibitions); trading (catering, retail, licensing); Hire (weddings, corporate hire, workshops); Events (online or in person, talks, activities, workshops, tours, podcasts); education; sponsorship; membership and patron schemes; donations; legacies; fundraising (grants, institutions, local authority, ACE); investment (endowments); experience of HMAG itself, and market trends.

The report indicates that the museum could create a surplus of £61,475 in the first year, with what is deemed to be a reasonable set of assumptions including visitor number of 65,000 per year.

## MANAGEMENT CASE

The following Herefordshire Council governance arrangements are in place for the HMAG project:

1. HMAG & Maylord Orchard Library and Learning Resource Centre Project Board
2. Economic Development Delivery Board
3. Hereford Towns Board
4. Herefordshire Council 151 Officer/ Accountable Body



1. **Project Board** to direct, develop, oversee and make recommendations for the project. Accountable for the delivery of the Project, ensuring the project meets its strategic purpose, delivering high quality value for money outcomes for the Council and follows the Council's applied Governance model for project management.
2. **Delivery Board** the purpose of the Delivery Board is to provide a regular oversight, decision and recommendation making forum for projects that are being delivered through this Board. The Board is accountable for the delivery of Council Projects (under the Board's remit), ensuring the projects meet their strategic purpose, delivering high quality value for money outcomes for the council that follows the Council's applied Governance model for project management.
3. **Hereford Town Board** has established a Programme Management Office with responsibility for Monitoring and Evaluation of the delivery of all Hereford Town Deal projects, including the delivery of the Hereford Museum and Art Gallery refurbishment.
4. **Herefordshire Council 151 Officer/ Accountable body** will report to HM Government every six months on the Hereford Museum and Art Gallery project service delivery as stipulated in the Town Fund guidance.

The project is managed by Herefordshire Council's Project Management Office (PMO). The project manager is expected to maintain all documentation and report regularly using highlight reports to the Senior Responsible Officer, Project Board and Delivery Board as required. Individual Project Boards report into Delivery Boards who are in turn monitored by the Assurance Board. The Capital Programme Board represents the highest level of officer involvement and accountability; allocating feasibility funding and having oversight of all projects.

# INTRODUCTION

The project will see the reimagining and repurposing of the building on Broad Street in Hereford which currently houses Hereford Library, Museum and Art Gallery (HMAG), to create a world class cultural and visitor experience at the heart of the city centre. The library will move to a new location in the Maylord Orchards Centre and as part of a separate Stronger Towns project. The museum building will then be redesigned to house a high quality and innovative museum experience. EnerPHit principles will be applied to the building redevelopment to reduce the site's carbon footprint and create an exemplar for the redevelopment of a grade 2 historic building.



The final design will include:

- New galleries to attract national and international exhibitions and showcase the county's significant heritage through providing enhanced access to our prominent collections of artefacts.
- A permanent home for the Herefordshire Hoard, a unique Viking treasure trove discovered in the county in 2015 and which the Council is in the process of acquiring for the people of Herefordshire.
- A café and a retail outlet to attract visitors to the museum and wider cathedral quarter.
- Facilities to engage the community in the heritage and culture of the county, as well as wider community events and to attract corporate hospitality.
- An education programme to engage local schools and communities in a modern high quality environment.
- A key feature will be an open exhibition and event space on the roof of the building, offering unique views over the historic city.

Subject to the approval of this funding request, Stronger Towns funding provides a unique opportunity to make a significant lasting difference to the regeneration and re-purposing of Hereford City Centre, and the HMAG Gallery in particular. Alongside other funding via the National Lottery Heritage Fund, the project will deliver an outstanding new museum, redesigned to operate on EnerPHit principles in a listed building (a national best practice example), whilst reducing ongoing revenue costs for running the building and reducing the building's carbon footprint. The project will significantly enhance Hereford's visitor and cultural offer, addressing the tourism



underperformance identified in the Town Investment Plan, and celebrating the city's significant heritage of national and international significance. Alongside this project, Herefordshire Council is working towards acquiring the [Herefordshire Hoard \(link\)](#); Viking artefacts discovered on land in the north of the county during 2015. The redevelopment will provide a high quality facility to display the hoard, attracting visitors

from around the world in conjunction with other significant artefacts such as the Mappa Mundi located opposite at the Hereford Cathedral.

The current museum is severely limited in its offer, with restrictions in the building allowing only 10 people at a time to visit the existing exhibition space. The upper floors of the grade 2 listed building are currently not in use / accessible to anyone. The council also has tens of thousands of artifacts in storage that cannot be displayed, restricting local communities with access to their heritage. The redevelopment will create a new modern high quality experience, bringing the full building back to life and providing an opportunity to display much more of the county's heritage.

The proposed development would maintain and enhance the historical architectural features of the building while providing a modern visitor experience.

Development of the building would add to the attraction of a visit to Hereford, driving footfall into the city centre and supporting economic activity in local business and the hospitality sector.

## **The Redevelopment**

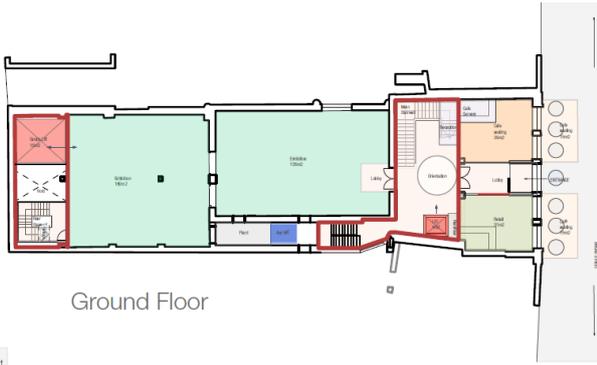
The full extent of the redevelopment of the building is covered in detail in the RIBA stage 2 report (appendix 2). This Full Business Case should be read in conjunction with the RIBA Stage 2 report, detailed cost plan (appendix 3) and the Take the Current Income Generation Plan (appendix 1) as key supporting documents. Herefordshire Council has commissioned Mace Group to lead an expert design team to develop the project. The RIBA Stage 2 report has been developed through extensive consultation with key stakeholders, including Historic England, the Planning Department and Conservation Department to establish a concept design. The Design Team are currently progressing the RIBA stage 3 detailed design stage, ahead of the council making a planning application (including seeking listed building consent) in the summer 2022 (subject to the outcome of the Stronger Towns assessment). Please find in appendix 5 pre-planning advice from the Herefordshire Council planning department and Historic England. The advice is supportive of the proposed design, ahead of the future submission of the planning application. The design team will continue to work closely with Historic England and the Planning Department in developing the detailed designs, to ensure a successful outcome to the process.

## **Overview of the Physical Works**

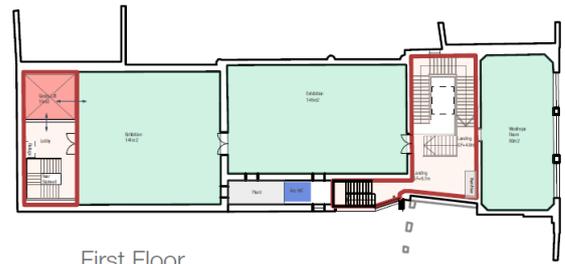
The fundamental exhibition strategy for the museum and gallery redevelopment is to engage people with the narratives of Herefordshire's heritage and culture in their widest sense - its histories and stories, the landscape, the people that make up the county, and their interaction within the region and the wider National story. Temporary exhibition spaces will allow audiences to experience national and regional exhibitions of art and historical artefacts, and create a venue in the region that is more accessible than large urban centres. The layout and spaces created by the building are key to constructing the narratives.

In addition the museum will house the Herefordshire Hoard which is an Anglo-Saxon and Viking age hoard buried around 878. The hoard was found buried in a privately owned field at Eye, near Leominster in 2015 by two metal detectorists. The items recovered to date include a gold arm bangle with beast head clasp, a magnificent pendant made from a rock crystal sphere encased within a gold decorative cage, a gold octagonal ring with black inlay, a silver ingot and twenty nine coins mostly of Alfred the Great of Wessex and Ceolwulf II of Mercia. These items have rewritten history and the museum provides an excellent opportunity to showcase the items and the story, attracting further visitors to the facility.

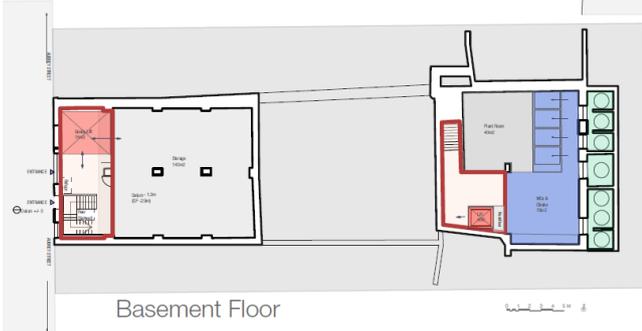
Proposed floor plans are shown on the following page, and can also be viewed within appendix 2, RIBA stage 2 report, pages 61- 68:



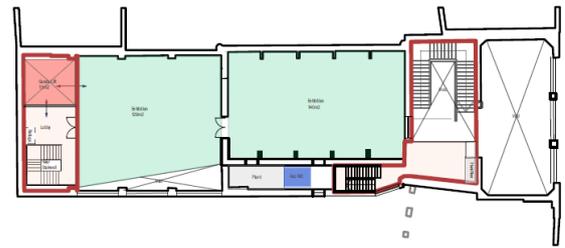
Ground Floor



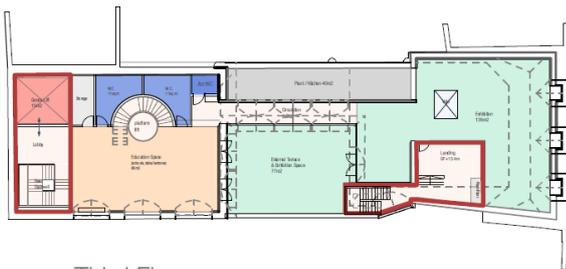
First Floor



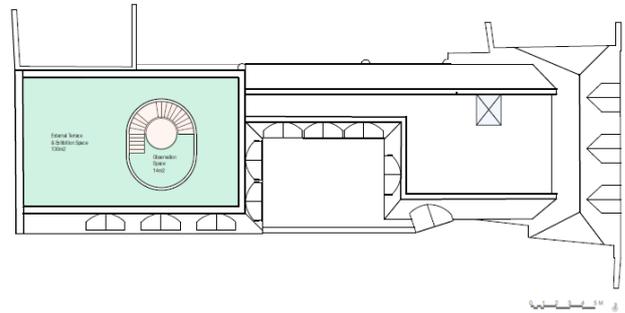
Basement Floor



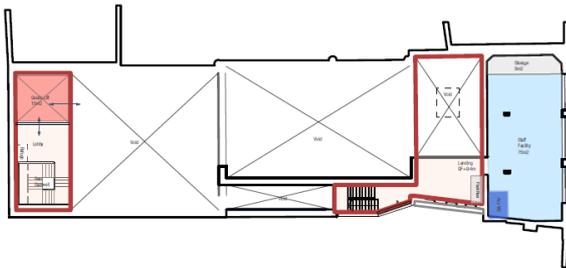
Mezzanine Floor



Third Floor



Roof Terrace



Second Floor

The museum's permanent collections will be displayed on the ground floor, the first floor (mezzanine) and the rooftop gallery. The proposed rooftop exhibition and event space with viewing tower is central to the exhibition strategy in providing a directly accessible link to the environment and landscape which is such an important aspect of the county. The physical borders of the Malvern Hills in the east and the Black Hills of Wales in the west, the agricultural economy of the county, the changing environment, and the historical streetscape of the City of Hereford, can all be seen and interpreted in the rooftop galleries.

The rooftop event room is to be used for schools education in history, landscape and environmental studies, organised events for public, adult and family engagement activities, and bookable events to enable wider use of the facility and for income generation. This room will work in tandem with the outside 'classroom', event and visitor terrace, inclement weather. The rooftop exhibition gallery to the front of the building will display art or artefacts from the permanent collections, and is currently envisaged as the main art gallery for the permanent art collections and the Brian Hatton collection; paintings by a local Herefordshire artist.

Although the exact collections to be displayed on any of the floors has to be finalised, maximum space allocated for exhibition and interpretation is crucial to enable the museum to fulfil its objectives and services. This will involve maximising the building to its full potential, expanding and creating spaces and opportunities in all physical directions.

The location of the Museum and Gallery in the centre of the historic heart of Hereford, opposite the Cathedral, is highly desirable for interpreting the heritage of the city, county and region. This location needs to be optimised through visibility and accessibility within and outside the building.

## **Design**

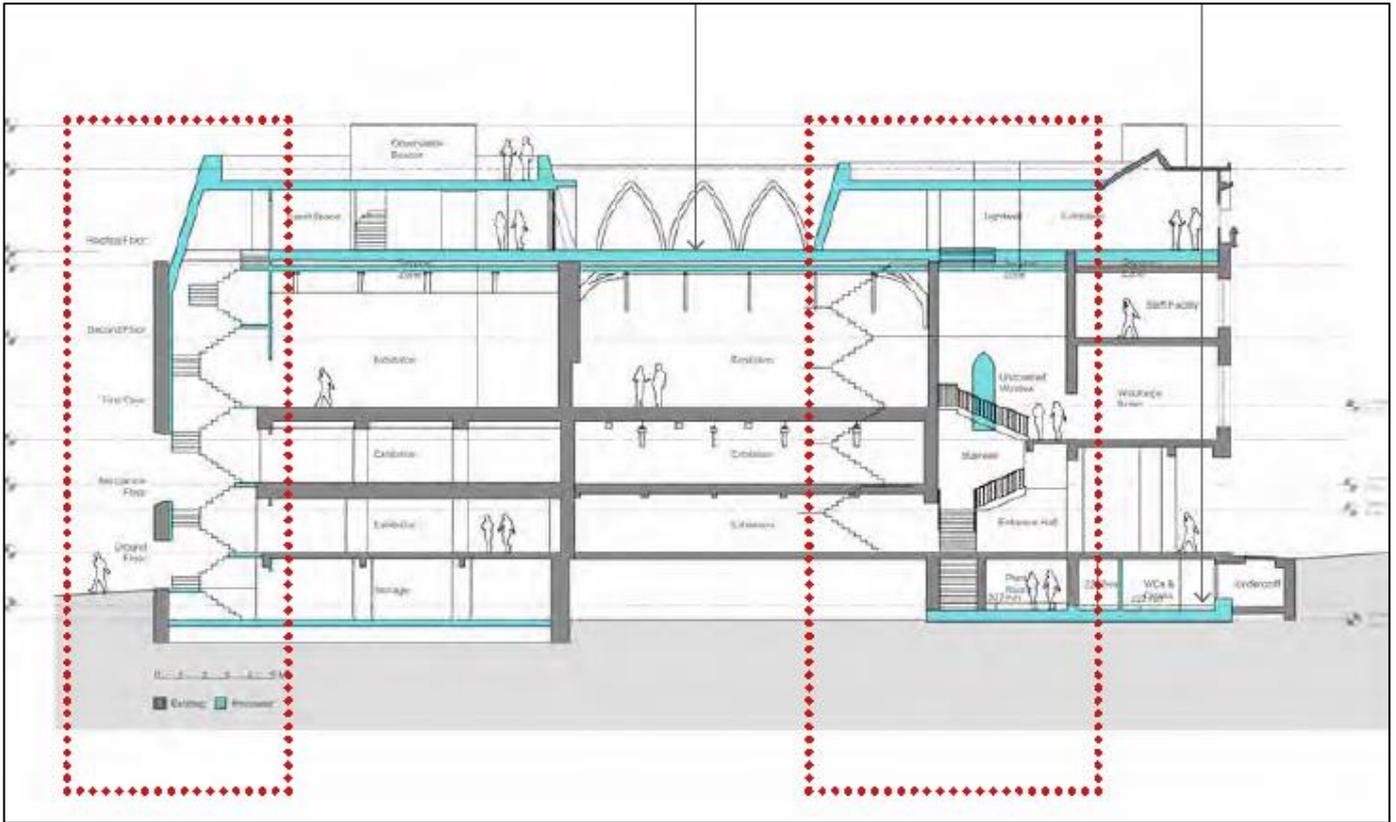
Page 19 of the RIBA Stage 2 report (appendix 2) details the different spaces and uses that will be created through the project. Section 6 (page 31) onwards contains the heritage report and key findings. The Heritage report has fully informed the development of the design, ensuring that the history of the building is not damaged or lost in developing the future proposals.

The design of the building is complex, the grade 2 listed element of the building and the newer elements added to the rear in the 1960s and 1970s are on different levels. Building regulations and fire regulations require significant internal changes to overcome current restrictions and to bring the full building back into use.

Section 93 of the RIBA stage 2 report (page 63 onwards) outlines the architectural design development, considering the requirements of delivering the proposed services within the building, the historic nature, and also its setting on Broad Street and relationship to the Hereford Cathedral.

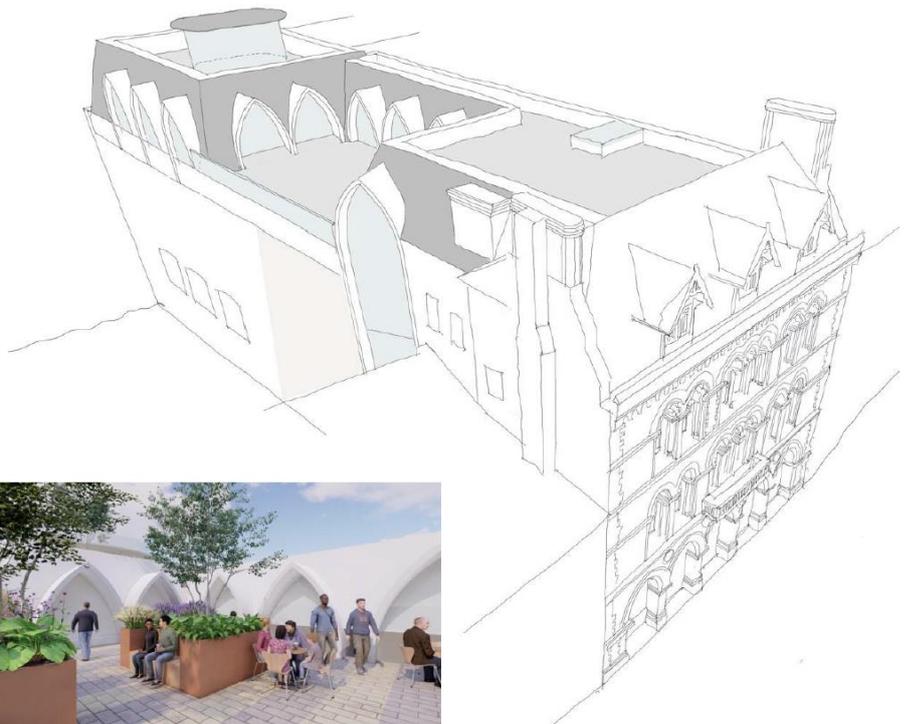
As an example of the detailed designs available in in the RIBA stage 2 report, the following design considers the circulation of people throughout the building, opening up the current inaccessible rooms within the Grade 2 element, and the introduction of the proposed roof terrace and viewing platform to the rear. The viewing platform area will be a unique feature, offering views out across the historic city roofline, and will set apart the museum from being a heritage attraction to being an experience a broad range of visitors will want to experience.

Details designs of each level of the building are included in the RIBA stage 2 report, appendix 2.



The following is an artist impression of options for the roof terrace as a key feature of the project:

## Architectural Response



# STRATEGIC CASE

## PRACTICE NOTES

The Strategic Case sets out the rationale for proposed investment.

A lot of the information relevant for the Strategic Case will have been set out in the TIP, including:

- Evidence of need
- Key policy context
- Overall vision and objectives
- Option for investment and how it was identified
- How option will help achieve objectives

The information from the TIP relevant to this project should feed into the Strategic Case, focusing on the aspects unique to the project.

Note that specific project objectives will need to be identified in this business case (in addition to the TIP vision and objectives).

This case should state the key stakeholder groups and particular business partners and how they've influenced, shaped, and supported project scopes.

The Strategic Case should clearly demonstrate a golden thread of evidence of need → vision and objectives → proposed investment → outcomes and impacts.

# STRATEGIC CASE

## INTRODUCTION

Like all towns and cities across the country, Hereford faces an uncertain future. The decline in retail as the primary reason for people to visit city centres, and as a source of local employment and land use, leads to a need for change.

In recognising the need for change, the Hereford Town Investment Plan vision is: *'Hereford aspires to be one of the greenest and fairest cities in the country, with fantastic opportunities and quality of life for people of all ages. Deeply rooted in our unique rural heritage, we're blossoming into a richly creative, digital, connected and highly-skilled place to live, work, study, invest and visit'*.

The Plan recognises that *'Hereford's strongest assets are its unique heritage and distinctive rural identity, with 316 listed buildings, 12% of its total footprint given over to green space, a fabulous river corridor and a globally significant collection of treasures including its Cathedral, Magna Carta, Mappa Mundi and the Herefordshire Hoard'*.

However, the Plan also recognises that Hereford underperforms in terms of its tourism potential. *'Hereford's tourism performance is modest. It only has the same proportion of jobs in accommodation and food services and a lower proportion of jobs in arts, entertainment and recreation than the England average. It would not be unreasonable for a city with the potential of Hereford in this context to have 3-5 times more employees in these sectors than the national average'*. In particular, only a small proportion of visitors to the wider county visit the city during their stay. A key challenge is the lack of a prominent high quality, high profile attraction, which builds on the City / County's significant heritage, offering a range of services including national and international exhibitions. The Town Investment Plan states: *'Hereford is an important heritage centre with assets that have significantly underperformed their potential as tourist attractions. Our current museum and art gallery, along with aspects of the Cathedral visitor offer, are in urgent need of contemporary refreshment and updating'*.

The limitations of the current building also severely restricts local communities of all ages and backgrounds access to their heritage and culture. At present, only 10 people at a time can access the limited museum and art gallery space. There are thousands of heritage items held in storage with no room to display or access them. The county is also seeking to secure the Viking Hoard that was discovered in the county in 2015, but has no mean to make this available to public/ local communities.

The proposed £15m redevelopment of HMAG fully meets the Town Investment Plan vision, creating a world class visitor experience, a museum and art gallery for all to experience and enjoy, based on our significant rural heritage, and creating a best practice example of achieving the highest environmental standards possible in the redevelopment of a grade 2 listed building. Establishing a world class experience, a museum of gallery attracting exhibitions of regional and national significance will also address the City's tourism underperformance.

## CASE FOR CHANGE

The Hereford Town Investment Plan identifies the proposed HMAG project as a specific intervention within the Theory of Change (page 35);

## Hereford Museum and Art Gallery project:

Intervention Framework	Issues in Hereford	Output	Outcomes	Impact
Arts Culture Heritage	<p>1. Scope to Enhance Retail Engagement and Footfall</p> <p>2. Limited Utilisation of Heritage Assets "USP"</p> <p>3. Underperforming Visitor Economy</p>	<p>1. New, upgraded or protected community centres, sports or athletics facilities, museums, arts venues, theatres, libraries, film facilities, prominent landmarks or historical buildings, parks or gardens</p> <p>2. Increase in capacity and accessibility to new or improved skills facilities</p> <p>3. Increased benefit for the public education over the long term</p>	Improved arts, cultural and heritage offer that is more visible and easier for residents/visitors to access	A stronger performance component to the cultural economic development of Hereford

As described in the report commissioned by 'Take the Current' the potential to redevelop, refurbish and renew the Hereford Museum and Art Gallery is an opportunity to reactivate a powerful dormant asset in the city and for the county. It is a vital part of the Town Plan which aims to enliven and enrich the city, creating a more skilled, fairer, greener, more connected and attractive place to live, visit and work. The museum redevelopment forms an important element of this plan with its potential to attract attention through national and regional collaborations, as well as being a neutral space for the local population.

Museums play a central role in both the economy and community of a place, bringing in vibrant businesses, residents and tourists, and seeking to understand and reflect the stories of people, past and present, who have made a place their home. They can also contribute to local authorities' priorities, including placemaking, community integration, educational attainment, economic regeneration, and improving health outcomes.

The museum is being designed to create a highly desirable and unique roof terraces with a feature viewing point which will extend the narrative of the museum externally. This will be an excellent point of difference for marketing, to create interest and drive visits and for hire for special events e.g. wedding, business events and receptions.

The aim of the new museum is to position itself and develop specific initiatives that extend its reach to all parts of the community, delivering on societal change as well as contributing to the prosperity of the city. These programmes can be funded through trust and foundation fundraising which will cover the costs of staff involved but the core and operational costs cannot. Independent museums by and large charge raise the majority of their income from charged admissions alongside the other usual income streams, but local authority museums have for the most part resisted charging, which means all other income streams must work harder to support this idea of accessibility.

The architectural design will allow it to optimise income generation, but it will need to have sharp commercial and market focussed skills to achieve the results outlined and a team will need to be in place before the museum opens so that no time is lost in reaping the income rewards of the opening year, forming a firm foundation for the subsequent years. It's sustainability is highly sensitive to the visitor numbers and as it has been operating in an extremely reduced way it will require strong marketing in the lead up to opening.

Herefordshire Council currently invest c. £80k in caring for the collections which have very limited public access, a maximum of 10 people to the museum at any one time and so it can barely deliver on any objectives for the city or add to the cultural offer. The new museum will aim to attract 65,000 people per annum in the first year, it will enhance the tourism offer showing nationally important exhibitions, art and artefacts, enhance the standing of the city culturally and provide a centre for education, skills development and creative and cultural development. This is a transformation project which will create a large county museum, but like most museums it will not be able to achieve these results without skilled and specialist staff and systems and a team who understand the sector and how museums operate.

The HMAG redevelopment will address identified issues in terms of re-purposing the city centre, regenerating an underutilised heritage asset, and address the underperformance of the visitor economy. The project will attract new visitors to the city centre, benefitting wider retail and hospitality businesses, as well other tourism attractions creating a distinct cultural quarter with Hereford Cathedral. The project will lead to the significant enhancement of the building, opening areas not currently available to the public. It will enhance local people's access to their heritage, and to education. It will greatly enhance the city as a place to live, work, and learn, as well as visit.

Need for change to the building – Current fire regulation restrictions means that only 10 people at a time can visit the museum's current static display area, one room of the entire building. The upper floors of the grade 2 listed building are dilapidated and not accessible to the general public. Significant investment is required to bring the heritage asset fully back to life to the benefit of the city and county as whole. Without Stronger Towns and National Heritage Lottery Funding, redevelopment of the scale required would not be possible.

Need for change to the tourism offer – As the Town Investment Plan identifies, tourism in the city significantly underperforms. Part of the reason for this is the lack of a visible, high quality tourism attraction that can offered (through exhibitions) a varied offer of national and international significance to attract visitors. In particular, visitors to the wider county rarely visit Hereford city. The majority of trips to the county are for the wider rural environment, with little to attract people to the city centre. This limits visitor length of stay and spend to the disbenefit of the county as a whole. The redevelopment of the museum to create a highly visible, high quality visitor offer will address this issue.

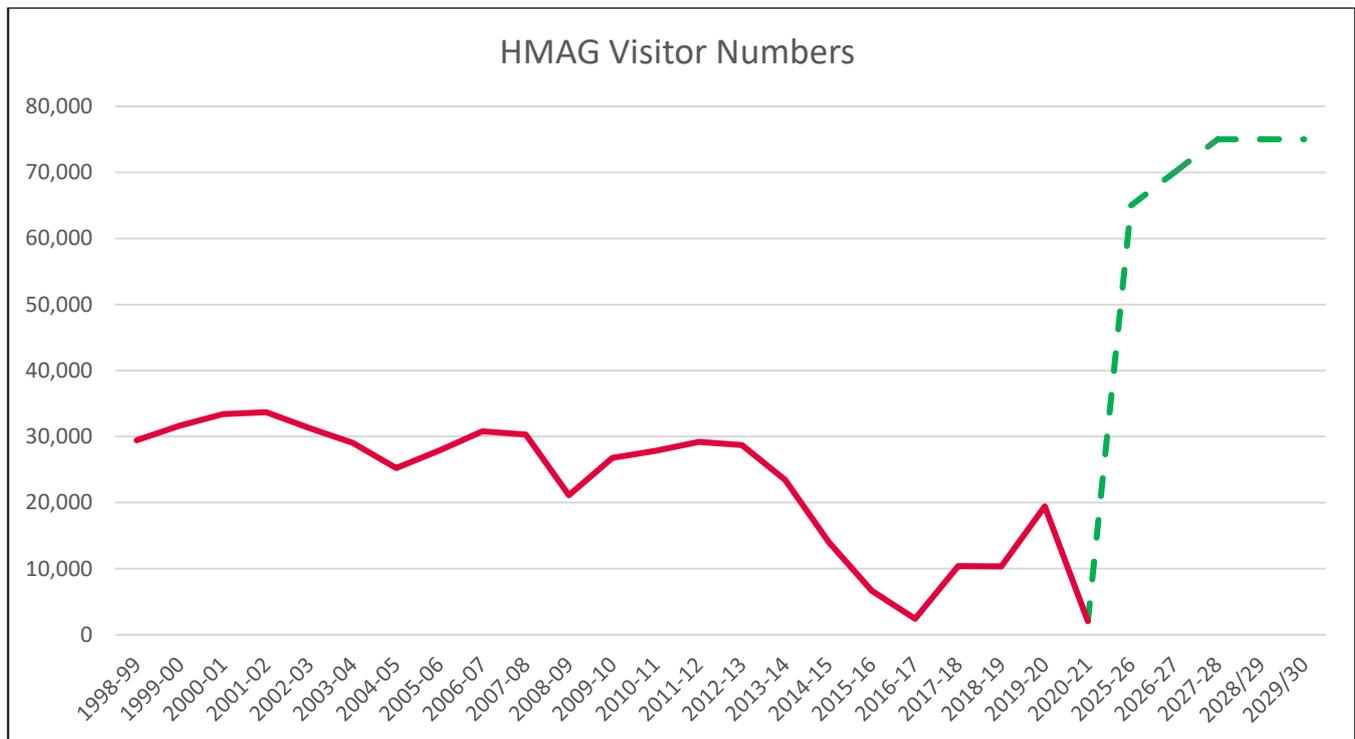
Need for change for local communities – at present thousands of local artefacts are in storage due to the lack of a place to display them. The project will provide enhanced space to display local heritage artefacts, for local engagement and education. In particular, the Viking Hoard would only be available to 10 people at any one time if it were able to be displayed at all in the building in its current condition.

Need for education - education in museums is important on many fronts and most importantly it connects the community to the museum and provides inspiration for both children and adults. As well as linking up to school curriculums (and in some cases creating new strands), museums can also respond to societal challenges such as health, well-being, immigration and workforce development. In doing so, educational programmes in museums can also provide opportunities for the more isolated, vulnerable and marginalised members of society to take part in activities and gain experiences, where they otherwise may not.

#### Previous and Projected Visitor Numbers

The following graph highlights the previous year's visitor numbers and the significant increased forecast in the Take the Current Income Generation Report (appendix 1) based on a detailed analysis of other similar museums and art galleries and the likely offer in the redeveloped HMAG.

The significant reduction from 2020 reflects the impact of Covid restrictions (with the museum closed for many months), and the current restrictions to numbers being able to limit the building. Without the proposed project, these restrictions will mean the city's tourism potential is likely to continue to significantly underperform.



## POLICY ALIGNMENT

### Levelling Up the United Kingdom

The project will directly deliver the following Levelling Up White Paper missions:

- By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing – *Enhancing Hereford as a city to live, work, study, as well as visiting. Supporting the growth of the tourism industry, regenerating Hereford as the primary economic driver of Herefordshire.*
- By 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing – *Providing a new public facility for local people, improving education, and enabling access to their heritage and culture.*
- By 2030, pride in place, such as people’s satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between the top performing and other areas closing. – *Regenerating the city centre, and creating a world class visitor and cultural facility.*

On page 249 of the white paper in the culture and sport case for action it states ‘*Culture and sport are key determinants of places’ social capital and critical elements of their social infrastructure. But while talent and creativity is spread equally across the UK, the opportunity to enjoy culture and sport is not.*

### Hereford Town Investment Plan

As identified above (case for change), the project will directly contribute to realising the Town Investment Plan vision. The HMAG project is specifically identified in The Plan’s Theory of Change as a required intervention.

The project will utilise an underperforming heritage asset to create a world class visitor and cultural attraction. This will address the city’s tourism underperformance, and improve quality of life and wellbeing by enhancing the sense of place, enabling access to local heritage and education, and creating enhanced local pride. The project will also establish an exemplar in achieving the highest possible environmental standards (EnerPHit) in a grade 2 listed building.

## Local Government Support for Health and Wellbeing through the Arts and Culture

The All-Party Parliamentary Group on Arts, Health and Wellbeing (APPGAHW) in partnership with the Local Government Association (LGA) have undertaken a major Inquiry into the role of the arts and culture in health and wellbeing. The Inquiry yielded a substantial report – Creative Health: The Arts for Health and Wellbeing [LGA.pdf \(culturehealthandwellbeing.org.uk\)](#) – providing evidence that creative and cultural activities can have a positive impact on people’s health and wellbeing.

Creative Health recommends that an individual is designated to take strategic responsibility for the pursuit of institutional policy for arts, health and wellbeing within each local authority. This can be through an existing role or a new one. The Local Government Association (LGA) has contributed to the Inquiry and identified existing good practice that can be shared more widely. The LGA supports the recommendations made by the report, and encourages its members to find ways of delivering against them locally. This briefing sets out some of the ways in which the arts and culture can help local government better support the health and wellbeing of its communities. This acknowledges the combined responsibilities of local government for the arts, public health, wellbeing and older people’s services as well as many factors influencing the social determinants of health.

Public Health Creative Health shows that arts engagement can improve mental health, help with the self management of long-term health conditions, promote healthy ageing, tackle health inequalities and begin to address obesity. Around 9.4 million people in England participate in the arts through more than 49,000 amateur arts groups, with others engaging in informal creative activity in their homes and communities. Many people attend cultural events at concert halls, galleries, heritage sites, libraries, museums and theatres. Population-level research conducted in the Nordic countries shows that arts engagement has a part to play in longer lives better lived. As the biggest public-sector investor in culture, spending over £1bn per year, councils can help to forge the partnerships necessary to realise the health and wellbeing benefits of the arts and culture.

In addition to the local government paper above a three year research project was undertaken by the **Arts and Humanities Research Council from 2014-2017** to consider museums on prescription to reduce medical intervention and improve wellbeing - ‘A mechanism for linking patients with non-medical sources of support within the community’ CentreForum Mental Health Commission (2014: 6) and these were the findings:

- Improvements in physical health and healthier lifestyle
- Reduction in symptoms of anxiety and/or depression
- Increases in self-esteem and confidence, sense of control and empowerment
- Improvements in psychological or mental wellbeing and positive mood
- Reduction in visits to GP, referring health professional, primary or secondary care services
- Provided GPs with range of options to complement medical care using holistic approach
- Increase in sociability, communication skills and making connections
- Reduction in social isolation and loneliness, supported hard-to-reach people Improved motivation and meaning in life, provided hope and optimism about the future
- Acquisition of learning and new interests and skills including artistic skills

*Thomson, L.J., Camic, P.M., & Chatterjee, H.J. (2015). Social Prescribing: A review community referral schemes. London: University College London*

## Department for Digital, Culture, Media and Sport White Paper (2016)

‘The Mendoza Review: an independent review of museums in England’ - GOV.UK ([www.gov.uk](http://www.gov.uk)) 2017, was undertaken in response to the Department for Digital, Culture Media & Sport (DCMS) Culture White Paper in 2016, which called for “a wide-ranging review of national, local and regional museums, working closely with Arts Council England (ACE) and the Heritage Lottery Fund (HLF)”. It looks at what the national infrastructure for museums is and what it could and should be; the museums sponsored directly

by government; and the challenges and opportunities for all of England's museums. It makes recommendations across the following areas:

- Adapting to today's funding environment
- Growing and diversifying audiences
- Dynamic collection curation and management
- Contributing to placemaking and local priorities
- Delivering cultural education
- Working in museums: Developing leaders with appropriate skills & Diversifying the workforce
- Digital capacity and innovation Working international

These recommendations are embedded within the Arts Council England Strategy 2020-30 which has three stated outcomes:

**CREATIVE PEOPLE** Everyone can develop and express creativity throughout their life

**CULTURAL COMMUNITIES** Villages, towns and cities thrive through a collaborative approach to culture

**A CREATIVE & CULTURAL COUNTRY** England's cultural sector is innovative, collaborative and international

To be achieved through four investment principles:

- **AMBITION & QUALITY** Cultural organisations are ambitious and committed to improving the quality of their work
- **DYNAMISM** Cultural organisations are dynamic and able to respond to the challenges of the next decade
- **INCLUSIVITY & RELEVANCE** England's diversity is fully reflected in the organisations and individuals that we support and in the culture they produce
- **ENVIRONMENTAL RESPONSIBILITY** Cultural organisations lead the way in their approach to environmental responsibility

ACE highlight their organisational aspirations for the period of the plan:

- Creating opportunities for children and young people to reach their creative potential and to access the highest quality cultural experiences
- We will support our cultural organisations to present the best of world culture, to excite and inspire audiences

The HMAG project supports the aims and recommendations of the DCMS Mendoza Review and the ACE 10 year plan.

Herefordshire Museum Service's three sites have full ACE Museum Accreditation and follow the national and international policies and guidance encompassed within the Accreditation standards.

### **National and Regional**

The project contributes towards the UK Government's 'Build back better: our plan for growth' document published in March 2021. On page 13 of the report, the section addressing infrastructure says that the Government will 'Connect people to opportunity via the UK-wide Levelling Up Fund and UK Shared Prosperity Fund, as well as the Towns Fund and High Street Fund, to invest in local areas.'

The report also references in a number of places the need to reduce carbon emissions and this will be addressed by the application of EnerPHit principles in the design of the redeveloped museum.

### **Local**

County Plan 2020 to 2024 – A priority of the County Plan 2020 to 2024 is to 'Use council land to create economic opportunities and bring higher paid jobs to the county', and to 'Invest in education and the skills needed by employers'. The County Plan also states 'We will work with partners to maximise the Stronger Towns Fund grant (up to £25m) awarded to Hereford and to support investment programmes across all our market towns'.

The project supports the ambitions as detailed within Herefordshire Council’s Delivery Plan priorities, specifically community (CO0.1), economy (EC2.1 , EC5.1) and environment (EN5.1, EN5.2):

**CO0.1** – contributing towards the improved overall mental and physical wellbeing of residents of all ages by supporting residents to gain a greater understanding of place and their connection to the history of their community.

**EC2.1** – a direct contribution to this element of the Delivery Plan which is to ‘Work with partners to develop and implement a £25m Town Investment Plan for Hereford, to be funded through the Stronger Towns Fund.’

**EC5.1** – consulting with local businesses in the planning stages as well as providing a new attraction for visitors and locals, thereby encouraging spend in the local economy will directly contribute to this element of the Delivery Plan, the aim of which is to ‘Work with private sector partners to support the growth of the tourism industry across Herefordshire building on our strengths of outdoor activities, heritage and culture; and support the development of a destination business improvement district.’

**EN5.1** – the project plans to apply EnerPHit principles where possible to reduce the building’s carbon footprint. This supports directly this particular initiative to ‘Reduce the Council’s own carbon footprint through implementing our Carbon Management Action Plan.’

**EN5.2** – Application of EnerPHit principles as mentioned above as well as installation of modern lighting and building improvements will contribute directly to the delivery of this element to ‘improve the environmental and energy efficiency standards of Council buildings through the introduction of...a plan for investing in energy efficiency and renewable energy measures for existing buildings...’

**EC2.5** – the project going ahead will support the delivery of this element of the Delivery Plan as it will enable the library which shares the building to move into Maylord Orchards, thereby contributing to the key initiative to ‘Develop Maylord Orchards as a key strategic site; acting as a catalyst for the regeneration of Hereford city centre.’

**The Herefordshire Cultural Strategy 2019–29:** The project also supports the vision of the Cultural Strategy: ‘For Herefordshire to be a culturally vibrant, prosperous and sought after county in which to live, work and to visit. Hallmarks of the County will be its glorious landscape, its heritage and history, its diverse creative and cultural offer and its sense of ambition.’

The strategy places emphasis is on partnership working, talent development, cultural education, participation, creative enterprise, and national and international profile. Reaching new audiences and developing new ways of working to ensure that everyone has the opportunity to benefit from involvement in cultural activities. The strategy places investment in culture at the heart of civic pride, place, health & wellbeing, and economic growth. For it to achieve its vision it is important that the action in this strategy remain flexible and consultative in order to stay fresh and embrace new ideas, people and technologies.

The strategy sets out the ambition to achieve the following five outcomes by 2029:

<b>Ambition:</b>	<b>How the project will support:</b>
Herefordshire will have a connected and sustainable cultural infrastructure underpinned by a creative workforce offering high quality arts and heritage activity and experiences available to all residents and visitors.	The new Museum and Art Gallery will support this offer by providing an enhanced heritage offer with greater opportunities for exhibitions and events, and with increased visibility of the museum and county’s current collection of artefacts, as well as being the planned future home of the Herefordshire Hoard.
Herefordshire’s rural communities will have the opportunity to be fully engaged and proactive in shaping, participating and growing the county’s cultural offer.	Museums of the future have a number of roles in society; recent studies show that engagement with museums and specific programmes developed around the narrative and collections as well as volunteering programmes enhance well-being and diminish feeling of isolation and loneliness – engagement with communities

	across the county will be crucial in achieving this ambition.
All children and young people in Herefordshire will have access to high quality contemporary cultural education and career development opportunities.	The HMAG will provide an enhanced cultural offer based on shared resources, new partnerships and place-making activities that give children and young people the chance to visit; experience and participate in high quality arts and heritage activities.
Culture and the creative industries will play a distinctive role in contributing to the economic success of the county and region.	The aim of the new museum is to position itself and develop specific initiatives that extend its reach to all parts of the community, delivering on societal change as well as contributing to the prosperity of the city.
Herefordshire's cultural profile and offer will attract national and international audiences, visitors, and new businesses.	The newly refurbished museum will be a key element in increasing the attractiveness of the city for visitors particularly for family audiences in the summer months and at school breaks. Improvements to the tourism infrastructure and the marketing of Hereford will be important element in increasing visitors to the museum.

## VISION AND OBJECTIVES

Vision: As a catalyst to the regeneration of Hereford, the project will create a world class visitor and cultural experience in the redeveloped grade 2 listed Hereford Museum and Art Gallery, showcasing the county's rural heritage, home to the Herefordshire Hoard, attracting national and international exhibitions, whilst achieving the highest environmental standards as the exemplar redevelopment of a grade 2 listed building.

### Objectives:

- Establish a new, modern, outstanding visitor attraction at the heart of Hereford city centre, addressing the current tourism underperformance
- Engage residents of Herefordshire in learning about the history of their county, thereby strengthening their sense of place and wellbeing
- Support the growth of the tourism, cultural business and wider hospitality sectors through increased visitor numbers
- Deliver a museum of national renown, incorporating EnerPHit principles in its design standards where possible to limit the building's carbon footprint
- Showcase the county's extensive heritage collections, including new exhibitions of national and international importance such as the Herefordshire Hoard, making extensive use of technology and interactive displays
- Encourage the development of skills and job creation through new roles in the museum and also in shop and café franchises
- Act as a focal point for heritage and cultural creativity in the city and the county, attracting additional funding to the area. The project would act as the centre of a hub and spoke model, supporting the cultural and heritage offer in the market towns to provide countywide benefits
- To be fully inclusive and accessible. This will be achieved by being fully disabled access, and taking into account neurodiversity, learning disabilities and other needs

## THE PROPOSED INVESTMENT

The following considers the options considered in developing the project.

Option	Short-list Y/N	Reasons
Redevelopment of the museum site in a project with a budget of up to £15million	Y	<ul style="list-style-type: none"> <li>RIBA stage 2 concept design report (appendix 2) sets out the design of the building, and the significant redevelopment required to meet the vision of the project. This is the only option that will fully meet the requirements of the project/ the outcomes identified in the Town Investment Plan.</li> <li>The project has been selected for £5m subject to Full Business Case submission within the Stronger Towns fund, and has achieved a second stage approval to date in seeking National Heritage Lottery Funding (£5m). The £15m project has been approved for inclusion (subject to grant funding) in Herefordshire Council's capital programme.</li> <li>The project will create a world class visitor experience, and a high profile attraction in addressing the tourism underperformance identified in the Town Investment Plan.</li> </ul>
Redevelopment of the museum site in a project with a budget of up to £10 million	Y	<ul style="list-style-type: none"> <li>Whilst making some beneficial changes to the building, a reduced value project would mean significant elements of the project are not achieved. The preliminary development costs are circa £2.5m for a project of this size and scale and for a listed building. Only £7.5m would remain for structural works. This would mean it is unlikely the current inaccessible areas of the public building are brought back into use.</li> <li>This reduces exhibition space/ commercial space would also significantly threaten the operational viability of the project.</li> </ul>
Redevelopment of the museum site in a project with a budget of up to £5 million	N	<ul style="list-style-type: none"> <li>The project would be unviable, both in terms of meeting the physical changes required to bring the building back into full use but also lack the income generating activities to be sustainable.</li> <li>The cost of the prelim design works, surveys etc alone is circa £2.5m.</li> </ul>
Library stays in its current building and is part of a redevelopment of the current site	N	<ul style="list-style-type: none"> <li>Would significantly impair the proposed museum redevelopment and reduce the planned offer.</li> <li>Would not generate adequate income for the HMAG to be viable.</li> <li>Competing uses of the building would detract from both services.</li> </ul>
Do nothing	N	<ul style="list-style-type: none"> <li>Hereford will continue to have an inadequate library and museum offer for a city of its size. As per the current situation, only 10 people would be able to access the existing static museum displays. Tourism in the city would</li> </ul>

		<p>continue to underperform, the Town Investment Plan priorities would not be met.</p> <ul style="list-style-type: none"> <li>• Missing out on the opportunity to secure major external investment from Stronger Towns Funding and the National Heritage Lottery to develop a scheme that will enhance the offer to both visitors and residents and would encourage footfall and economic activity in the city centre.</li> <li>• Reputational risk to the council of failing to deliver on the project and of having to reject the offer of government funding.</li> </ul>
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**Short list of options**

<b>Option 1 – Detail</b>	
Redevelopment of the museum site in a project with a budget of up to £10 million	
Cost	<p>Up to £10 million</p> <p>This would involve a minimum intervention with the provision of a new lift core and main staircase; construction of new circulation elements; a new stair core and goods lift to the Aubrey Street entrance at the rear of the building; insulation improvements to the retained existing building elements; basic structural repairs and an allowance of £5m for museum fit out works.</p>
Benefits	<ul style="list-style-type: none"> <li>• Reduced funding required.</li> <li>• Building work disruption reduced (less works undertaken)</li> <li>• Would still lead to improvements compared to current restrictions, addressing some of the limitations allowing for increased numbers of visitors.</li> </ul>
Deliverability	<p>Some works could be achieved. Significant redesign would be required to bring the project within the scope of the budget. It is likely that major elements of the proposed project would be unachievable, mainly focussed on improvements to the currently available space and not bringing the whole building back into use.</p> <p>Given the complexity of the building, not least the listed building consent requirements, the prelim development costs would remain high reducing significantly the fund available to enable the required change.</p> <p>The reduced commercial / exhibition space would mean the income levels are unlikely to sustain the operational requirements.</p>
Pros	<p>Some limited improvements to the building from current state, enabling increased visitor numbers.</p> <p>Reduced funding required, and reduced impact of building works.</p>
Cons	<p>The scope of change possible would not achieve the outcomes identified in the Town Investment Plan. Tourism would continue to underperform, and a significant heritage asset remains underutilised.</p> <p>Revenue income from a much reduced offer is unlikely to sustain the project.</p>

	As a flag project in the Town Investment Plan, the vision and objectives for the regeneration of the whole city are likely to be severely impacted.
Recommendation	<b>Not to proceed at this stage</b>

<b>Option 2 – Detail</b>	
Redevelopment of the museum site in a project worth around £15 million, delivering the outcomes identified in this Full Business Case and achieving the theory of change requirements in the Town Investment Plan.	
Cost	Up to £15 million
Benefits	<ul style="list-style-type: none"> <li>• Would provide a new facility which would be of major national and international standing</li> <li>• Would raise profile of Hereford and Herefordshire nationally and internationally</li> <li>• Would increase number of visitors to the city and the county, thereby supporting increased spending in local businesses and hospitality sector providing growth in the local economy</li> <li>• Redevelopment would apply EnerPHit principles where possible, thereby limiting the carbon footprint of the building</li> <li>• Would deliver a key element of the Town Improvement Plan</li> <li>• Would support the development of skills and provide new job and volunteering opportunities</li> <li>• Would provide opportunities to contribute to learning across the community both through informal means and also by engagement with educational establishments from young children through to Higher Education</li> <li>• Would enable residents of the county to learn more about their history, thereby strengthening a sense of place</li> </ul>
Deliverability	£5m of the required funding has been provisionally allocated through the Stronger Towns Fund. The council has successfully passed two stages of the National Heritage Lottery Fund process to date, seeking their maximum £5m award. The £15m redevelopment has been added to the council's capital programme, subject to securing the £10m grant funding.
Pros	<p>The scheme would deliver a high quality museum and cultural hub for the city, county and region and raise the profile of Hereford nationally and internationally. It would provide options for increased income generation and support increased spend in the local economy by encouraging visitors to the city and county.</p> <p>The project would deliver the outcomes identified in the Town Investment Plan, supporting the regeneration of the city area.</p>
Cons	<p>Securing all of the £15m from the three sources (Stronger Towns, Heritage Lottery Fund, and Herefordshire Council).</p> <p>Potential proportionate impact of cost inflation on a larger project.</p> <p>The scale of the works over a circa 2 year period and the disruption caused.</p>

Observations	This is the option which has been worked up in most detail and provides a greatly enhanced museum offer which would attract increased visitor numbers and spend in the local economy.
Recommendation	<b>This option has been progressed to Full Business Case development as the preferred option.</b>

<b>Option 3 – Detail</b>	
Redevelopment of the museum site in a project worth up to £20 million	
Cost	Up to £20 million
Benefits	<ul style="list-style-type: none"> <li>• Would provide a new facility which would be of major national and international standing</li> <li>• Would increase number of visitors to the city and the county, thereby supporting increased spending in local businesses and hospitality sector providing growth in the local economy</li> <li>• Redevelopment would apply EnerPHit principles where possible, thereby limiting the carbon footprint of the building</li> <li>• Would deliver a key element of the Town Improvement Plan</li> <li>• Would support the development of skills and provide new job and volunteering opportunities</li> <li>• Would provide opportunities to contribute to learning across the community both through informal means and also by engagement with educational establishments from young children through to Higher Education</li> <li>• Would enable residents of the county to learn more about their history, thereby strengthening a sense of place</li> </ul>
Deliverability	There are no current funding streams to seek access to the final £5m proposed in this option. NB possible funding is currently being explored via the Council's governance procedures which could provide the additional £5m
Pros	The scheme would deliver a high quality museum and cultural hub for the city, county and region and raise the profile of Hereford nationally and internationally. It would provide options for increased income generation through sponsorship of high quality exhibitions and support increased spend in the local economy by encouraging visitors to the city and county.
Cons	There is a risk to being able to secure sufficient funding to undertake the development. Detailed conversations would be required to receive advice around the planning process required and this may impact on the timeframe of the project delivery.
Observations	If additional external funding can be secured to take the available budget above £15 million, enhancements to move towards the £20 million project can be considered
Recommendation	<b>Not to proceed at this stage</b>

The preferred option is, currently being taken forward by Herefordshire Council is option 2.

## STAKEHOLDERS

Engagement with stakeholders is recognised as a central part of the project to ensure support for the plans and to ensure that the content of the redeveloped building reflects the aspirations of the community as well as providing an attractive venue that visitors wish to come and see. Ensuring these

views are represented in enhancing what will be a key asset not just for the council but for attracting visitors to the city.

A list of key stakeholders and partners was drawn up at the start of the project and is regularly reviewed. It includes but is not limited to Herefordshire residents, Herefordshire Museum Service Support Group, Woolhope Naturalists' Field Club, Herefordshire Cultural Partnership, Hereford College of Arts, NMiTE (Hereford's new University), local cultural and heritage organisations, National Lottery Heritage Fund, Arts Council England, British Museum, West Midlands Museum Development Group, Hereford Cathedral, Museum Service volunteers, Herefordshire Voluntary Organisations Support Service (HVOSS), Hereford Civic Society, Hereford Tourism Group, HBID, Hereford Business Board, Marches Local Enterprise Partnership, Hereford City Council, Heritage England, local businesses, local schools, local museums, local colleges, other museums that have undertaken similar developments, organisations that represent diversity, organisations that promote accessibility.

Initial stakeholder engagement with the public involved an informal questionnaire which was offered to a sample of museum visitors between June 2021 and April 2022 (a spreadsheet with a summary of responses is attached as appendix 8). This asked three questions:

- Would you like a bigger and better museum and cultural centre in Hereford?
- If 'yes' what would you like to see? (a list of suggestions was provided)
- What would encourage you to visit the museum or stay for longer (a list of suggestions was provided)

208 questionnaires were distributed. The main results were:

- 94.7% said they would like a bigger and better museum and cultural centre in Hereford
- 62% said they would like to see more objects and stories about Herefordshire
- 71% said they would like to see more art
- 63% said they would like to see more or larger changing exhibitions
- 29% said they would like to see more digital elements
- 43% said they would like to see space to relax or socialise
- 44% said they would like to see space for children and education

When asked what would encourage people to visit the museum or stay longer

- 63% said a café
- 32% said a shop
- 21% said a children's area
- 14% said digital activities
- 28% said 'hands on' activities
- 31% said archive film
- 43% said crafts
- 21% said a study area
- 46% said cultural events

Additional consultation has also take place with partners whose views have been sought at appropriate times with regard to specialist advice and guidance relating to the development. These have included Hereford Cathedral, who have an interest in the Museum building through an historic covenant on use, as well as Historic England and Herefordshire Council's Planning Department who have advised on planning and other matters relating to changes to the building. This consultation was done through a variety of emails, letters, phone calls and site visits. In addition, the Woolhope Naturalists' Field Club, a key partner due to their involvement in the Woolhope Room at the building, have been kept informed of progress through briefings and updates by Council officers at their committee meetings. Members of the

committee of the Herefordshire Museum Service Support Group (HMSSG) have received similar updates.

A stakeholder strategy, developed by Architype and Herefordshire Council's project team and the Council's Communications Team, who have also supported in the development of a Communications Plan.

The plan details the stakeholders for the project.

A more formal stakeholder engagement process has been formulated by Architype the architects working on the project, and Herefordshire Council's project team, and the Council's Communications Team who have also supported in the development of a Communications Plan. Architype's Stage 2 Project Report (attached) from May 2022 outlines their consultation strategy in Section 5 (pp. 18-25) and a programme of consultation events is planned through to August 2022. The consultation process will include a variety of approaches to reach the widest possible coverage including in person and online video meetings, presentations, online feedback and display boards at different locations.

Consultees have been grouped according to priority. Priority groups 1 and 2 include staff – whose professional input has been key from the start - and statutory consultees such as Historic England Planning officers (mentioned above) have been engaged for some time. Key groups such as the Woolhope Club and HMSSG mentioned above as well as bodies such as the Civic Society are being involved formally through events like one held on 25<sup>th</sup> May 2022 at Maylord Orchards where key stakeholders are invited to view the latest plans, ask questions and give feedback on the project.

The other key stakeholders will be consulted by Architype in sectoral groups, for example groups representing children and young people will be consulted as a cluster to get their feedback as will cultural groups such as the Herefordshire Cultural Partnership, equalities groups, local independent museums and the Hereford Tourism Group. There will be a variety of opportunities to engage with the local community more generally including through online consultation, drop in events and consultation/comments boards.

# Stakeholder Consultation

## 1.4 / Stakeholder Consultation Groups

**PRIORITY GROUP A**  
Stakeholders critical to project and design development.

<p><b>Consultation Group 01 - Council Staff</b></p> <ul style="list-style-type: none"> <li>Key Museum Staff</li> <li>Wider Museum Staff</li> <li>Herefordshire Museum Service Volunteers</li> <li>Herefordshire Council / Client Group Representatives</li> </ul>	<p><b>Consultation Group 02 - Statutory</b></p> <ul style="list-style-type: none"> <li>Planning Officer</li> <li>Conservation Officer</li> <li>Herefordshire Archeology</li> <li>Historic England</li> <li>Building Control</li> <li>Fire Officer</li> </ul>
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**Consultation Approach**

Timing: Already under way, as required, typically throughout Stage 2 and beyond.

Location: Online and in person - as required

The council staff consultations will form part of an ongoing process to accompany design and general project development. These sessions will be both informal conversations, meetings and dedicated consultation and brief development sessions.

Statutory consultees will be consulted as required during the stage 2 and stage 3 process. Some of which will require careful planning with regards to timing and process to generate the right results and demonstrate an appropriate approach to the project development.

**PRIORITY GROUP B**  
Stakeholders with significant interest in the project and those are likely to engage on a regular basis.

<p><b>Consultation Group 03 - Key Groups</b></p> <ul style="list-style-type: none"> <li>Woolhope Naturalist's Field Club</li> <li>Hereford Museum Service Support Group (HMSSG)</li> <li>Herefordshire Archives &amp; Herefordshire Libraries</li> <li>Victorian Society</li> <li>Civic Society</li> <li>Hereford City Council</li> </ul>	<p><b>Consultation Group 04 - Children &amp; Young People, Community &amp; Social Group</b></p> <ul style="list-style-type: none"> <li>Marches families network</li> <li>Point of View - youth panel (through Rural Media)</li> <li>Creative Connections</li> <li>Hereford Autism Group, Dementia groups &amp; Herefordshire Mind</li> <li>Wellbeing - Healthy Lifestyles, County Hospital</li> <li>Ethnicity and Diversity groups</li> <li>Religious organisations reps</li> <li>Making it Real Board (<i>potential for attendance at board meeting on 8th June if seen as priority</i>)</li> <li>Young Carers</li> <li>Children with Disabilities Team (council team)</li> <li>No Wrong Door/HVOSS</li> <li>Rural Media Youth Group</li> </ul>
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**Consultation Approach**

Timing: Following development of Stage 2 design information so that full constraints and possibilities are known as well as concept designs available to discuss (late May to early June)

Location: In person session and online consultation

- Preparation: Groups invited to watch video in advance instead of introducing the background, intention and design in every session.
- Ideally representatives from the groups will attend the below sessions to feed back, discuss and ask key questions.
- The sessions below are intended to house groups or ideally group representatives feeding back questions or areas of discussion from the groups in advance.
- Presentation boards will be available to discuss the design and reference conversations.
- HC to pre-populate slots below with groups that intend to attend in person.
- All groups and other people will have the opportunity to attend the wider

consultation day or online consultation or complete the online consultation form.

Example in person consultation day format:

- Session 1 (9.30 – 10.30): tbc
- Session 2 (10.45 – 11.45): tbc
- Session 3 (12.00 – 1.00): tbc  
*Lunch*
- Session 4 (2.00 – 3.00): tbc
- Session 5 (3.15 – 4.15): tbc
- Session 6 (4.30 – 5.30): tbc

All timescales and dates are subject to change depending on design development and external factors impacting ability to progress - the approach to the consultation events and content will be reviewed on a regular basis with Herefordshire Council who will also be responsible for liaising with groups and facilitating/hosting online consultation events.

# Stakeholder Consultation

## 1.5 / Stakeholder Consultation Groups

**PRIORITY GROUP C**  
Stakeholders with a high level of interest in the project and those are likely to engage on a regular basis.

**Consultation Group 05 - Cultural Groups**

- Herefordshire Cultural Partnership, Rural Media, Catcher Media, Courtyard
- Local history societies, Age to Age
- Hereford Tourism Group and Hereford Celebrations committee
- Local Independent Museums
- West Midlands Museum Development, Marches Museum Network and Museums Across the Marches
- National Museums and Organisations
- Hereford Cathedral

**Consultation Group 06 - Education Groups**

- Hereford Art College
- Hereford 6th Form College
- Hereford & Ludlow College
- RNC
- Primary & Secondary Schools in Herefordshire
- NMITE
- Local Universities (Worcester, Cardiff, Birmingham)

**Consultation Approach**

Timing: Following development of Stage 2 design information so that full constraints and possibilities are known as well as concept designs available to discuss (early June).

Location: Online consultation and feedback

Groups are invited to view the online presentation video and respond/comment on the project development via the online forms. Ideally, if groups are responding their comments would ideally be collated comments from the group rather than sets of individual comments.

If further discussion is required, then representatives can attend the below drop-in consultation day.

**PRIORITY GROUP D**  
The wider community with an interest in the project and/or museum services delivery.

**Consultation Group 07 - Public Consultation**

- The Community / Public
- Students from education establishments

**Variety of Consultation Approaches to Reach Wider Community**

**Public Consultation Approach I**

Timing: Following other priority groups (early July)

Location: Online consultation

The community are invited to view the online presentation video and respond/comment on the project development via the online forms.

If further discussion is required, then representatives can attend the drop-in consultation day.

**Public Consultation Approach II**

Timing: Following other priority groups (early July), potential for both morning and afternoon sessions

Location: Drop In Consultation Day (location tbc)

Drop in consultation event for anyone not able to make the above sessions or who would prefer to discuss in person, from key stakeholders or from the general public.

This day could also be structured to provide 15 minute slots for representatives from the sessions above to attend for more general discussions (ie we could have a team available to provide dedicated 1 to 1 discussions alongside general community consultation.

**Public Consultation Approach III**

Timing: Following other priority groups (early July)

Location: In Library/Museum Reception & Potentially Relocated for Creative Exchange event at Hereford Art College (30th June)

Boards will be left for general review along with links to online presentations with an opportunity for people to comment via comment boxes/forms and also providing link to the online consultation.

All timescales and dates are subject to change depending on design development and external factors impacting ability to progress - the approach to the consultation events and content will be reviewed on a regular basis with Herefordshire Council who will also be responsible for liaising with groups and facilitating/hosting online consultation events.

On the 25th May 2022, an evening event was held, facilitated by Herefordshire Council and the Cabinet Member for Commissioning, Procurement and Assets, supported by Architype and Mace. The event was held at Maylord Orchards and was attended by partners from the Stronger Towns Board, Woolhope Club, HMSSG, Hereford City Council, Cabinet Members, Hoople Ltd and representatives from the local press. At this event, concept designs were shared, and members present were invited to feedback and ask questions about the project. This will be the first of several such events.

The MP for Hereford and South Herefordshire was unable to attend, but was briefed prior to the event and conversations with them are ongoing.



Herefordshire Council invites you to view concept designs for Hereford Museum & Art Gallery and Maylord Orchards Library and Learning Resource Centre as part of #StrongerHereford

#STRONGERHEREFORD

Wednesday 25<sup>th</sup> May  
6:00pm – 8:00pm  
Life & Soul Café in the Maylord Orchards Centre  
RSVP via the Eventbrite link provided by Friday 20<sup>th</sup> May



   hfdscouncil

[Herefordshire.gov.uk](https://www.herefordshire.gov.uk)

# ECONOMIC CASE

## PRACTICE NOTES

The Economic Case determines the value for money of the investment. It should include an analysis of monetised benefits and costs, as well as non-monetised benefits. The benefits and costs assessed should be aligned to the objectives set out for the project in the Strategic Case. It is important that Economic and Strategic Cases are closely aligned.

As noted in the MHCLG Stage 2 guidance “Net present social value and benefit-cost ratios should not be treated as a full representation of value for money. Rather, they should be used to summarise the benefits and costs that can be readily monetised or quantified. There may be wider strategic or social value to an intervention which may not be easily assimilated into calculations.”

The level of modelling should be proportionate to the funding ask and size of the scheme.

Towns should decide how to treat Covid-19 impacts. We recommend this is factored into the projections of benefits either in a core scenario or as a sensitivity test. Additional resources to help you consider the impact of Covid-19 are available on the TFDP website.

# ECONOMIC CASE

## INTRODUCTION

Herefordshire faces some significant long term economic challenges, further impacted through Covid 19. In particular the visitor economy, nonessential retail and cultural sectors were the worst impacted by Covid 19, required to close for many months during lockdowns. A STEAM economic impact assessment undertaken for 2019 and 2020 indicates that due to Covid visitor numbers to the county reduced by 61% and visitor spend by 53%<sup>3</sup>.

Herefordshire has the lowest<sup>4</sup> county tier Gross Value Added (GVA) or any county in England and is the second lowest in the UK (second to our neighbor Powys). Average weekly wages are 20% below the national average, 39% of residents have a NVQ level 4 or above qualification compared to a national average of 43%, 24% of the population are aged over 65<sup>5</sup>, and the county is a Higher Education and social mobility 'cold spot'. As younger generations reach higher education age they have tended to move away to access university education, and we don't have the higher level jobs to attract them back.

The HMAG project will establish prominent high quality visitor attraction at the heart of the city, in the 'Cathedral Quarter'. It will be home to the Herefordshire Hoard, display a wider range of local heritage, and will attract national and international exhibitions to the city. The attract a baseline of visitor numbers will generate over £2.5m to the city / county per annum in the city and the wider county, with the physical improvements to the building having a longevity of 40 to 50 years. Establishing a significant new attraction will attract visitor to the museum and city in its own right, but will also attract existing visitors to wider county to visit the city as well (now offering an attraction of note), increasing length of stay and significantly increasing spend.

However, the project will also play a prominent role in place shaping, regenerating the city centre. In order to attract people to live, work and study in the city, as well as visit, the project will significantly enhance the cultural offer of the city, enhancing the sense of place and community wellbeing. A place for local people to connect with their heritage, and wider community. Creating a cultural and heritage quarter opposite the outstanding cathedral home to the Mappa Mundi, reinvigorating a grade 2 listed building, creating a connection between high town and the planned developments along the riverside through the Southside project.

Tourism is an important sector to the Herefordshire economy, pre Covid in 2019, 5.9 million visitors came to the county, spending £572 million and supporting over 7,500 FTE jobs. Tourism also plays a key role in raising the awareness and perception of the county as a place to live, learn, work, and invest as well as visit.

The proposed project will create a tourism attraction of sub-regional significance. The Museum and Art Gallery would be promoted as a key tourism asset through the [www.visitherefordshire.co.uk](http://www.visitherefordshire.co.uk) (link) website and national and international visitor marketing campaigns, working in partnership with the Hereford City Business Improvement District and the new Herefordshire County Business Improvement District. Over the last 18 months the public and private sector tourism partners have come together to rebrand the county's offer, and through marketing (including the first TV advert) we have reached over 8 million people across the UK. PR and social media campaigns have identified the county as a top 10 staycation location in a wide range of national media.

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<sup>3</sup> STEAM Herefordshire Economic Impact Assessment 2019 and 2020

<sup>4</sup> [Mapping inequality in the UK \(ons.gov.uk\)](https://ons.gov.uk)

<sup>5</sup> [Economy & place - Understanding Herefordshire](#)

## Project Economic Case

In terms of the specific economic case for the project, the current museum (one room of static displays) is currently limited to 10 visitors at any one time (due to fire regulations), imposed from September 2021. Without significant change the museum becomes unviable, and would not be possible to reach pre Covid number of 20,000 visitors let alone address the tourism underperformance identified in the Town Investment Plan. The restrictions on numbers means it's very unlikely the current art gallery could attract any significant exhibitions either.

As identified in appendix 1, the Income Generation study identifies that the redeveloped museum and art gallery could attract 75,000 visitors per annum from year 3 post construction completion. Based on the STEAM Economic Impact Assessment for 2019, visitors spent £34 per day on average in the county. Therefore the proposed project would generate a visitor spend of circa £2.5m per annum, with the structural changes to the building have a lifetime of circa 40 years.

Project options are fully considered on page 7 onwards above.

## ECONOMIC BENEFITS

### Outputs

The project will deliver the following outputs post construction completion:

Output	2025/26	2026/27	2027/28	Basis for Forecast	How monitored Reported
Visitor Numbers To Arts Cultural Events or Venues	65,000	70,000	75,000	Take The Current Income Generation Report (appendix 1)	Visitors entering HMAG each day.
Jobs Created	10 FTE			Take The Current Income Generation Report (appendix 1)	Numbers of FTEs employed in HMAG
New Upgraded Museum/ Art Venues (per sqm.)	3,021sqm			RIBA Stage 2 Report (appendix 2)	Area of the building redeveloped through the project.
Increased benefit to public education (number benefitting)	2,400	2,800	3,000		
Increased number of all volunteers	50	75	100		
Increase in breadth of local skills in response to local need (number benefitting)	124	230	230	Completed by Senior Advisor Post 16 Learning and Skills, Education Development and Skills	Numbers of learners and success rates will be monitored through the adult and community learning service. For accredited learning only Qualification achievement rates to be at national levels or above for the SSA

					Increase offer of volunteer opportunities for disabled people and offer graduate roles for professional roles such as archaeology
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### Outcomes

- Perceptions of the place by residents/ visitors/ businesses
- Numbers of visitors to arts, heritage and cultural events and venues
- Numbers of new learners assisted

Example benefits to consider are set out below:

Towns Fund investment theme	Key benefits	Wider social and economic benefits (note adding all benefits may lead to double counting)	Key guidance to model and monetise benefits
<b>Arts, culture, and heritage</b>	<ul style="list-style-type: none"> <li>• Increased retail revenue from increased footfall</li> <li>• Amenity benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Social benefits from improved access to culture</li> <li>• Increases in local employment and GVA</li> <li>• Community cohesion</li> </ul>	

## ECONOMIC COSTS

The costs of the proposed project have been developed by a wide range of specialists as identified in the Management Case section below.

## VALUE FOR MONEY ASSESSMENT

Value for money assessment (£m, discounted, 2021 prices)		Core scenario	Sensitivity test 1	Sensitivity test 2
<b>Economic benefits</b>				
<i>Benefit 1</i>		£XXXm	£XXXm	£XXXm
<i>Benefit 2</i>		£XXXm	£XXXm	£XXXm
...		£XXXm	£XXXm	£XXXm
<i>Total economic benefits</i>	(A)			
<b>Economic costs</b>				
<i>Towns Fund cost/funding</i>	(B)	£XXXm	£XXXm	£XXXm
<i>Co-funding</i>	(C)	£XXXm	£XXXm	£XXXm
<i>Total public sector funding</i>	(D) = (B) + (C)	£XXXm	£XXXm	£XXXm
<i>Private sector funding</i>	(E)			
<i>Total economic costs</i>	(D) + (E)			
<b>Benefit-Cost Ratio (BCR)</b>	<b>(A) – (E) / (D)</b>	<b>X.X</b>	<b>X.X</b>	<b>X.X</b>

From Green Book (2020) guidance (p. 40): When considering proposals from a UK perspective the relevant values are viewed from the perspective of UK society as a whole. Where appraising a place based policy or a UK wide proposal with place based effects the relevant values include effects in the place of interest and similar nearby travel to work areas. The relevant costs and benefits which may arise from an intervention

should be valued and included in Social CBA unless it is not proportionate to do so. The priority costs and benefits to quantify are those likely to be decisive in determining the differences between alternative options. The appraisal of social value involves the calculation of Net Present Social Value (NPSV) and Benefits Cost Ratios (BCRs) the ratio of benefits to costs.

## **NON-QUANTIFIED BENEFITS**

## **SUMMARY**

# **FINANCIAL CASE**

### **PRACTICE NOTES**

The Financial Case assesses the affordability of the investment, identifying cost, revenue, and funding sources.

Note the level of detail should be proportionate to the size of the project.

If you are developing a programme case, each project should have its own financial profile within this section.

# FINANCIAL CASE

## INTRODUCTION

The financial case is based on the full refurbishment of the HMAG. The below sets out the capital funding, as well as the revenue funding requirements required to successfully implement the project and ensure the building's success post project.

## APPROACH TO FINANCIAL CASE

The intention is to seek funding for the project from The Stronger Towns Fund (£5m), Herefordshire Council (£5m) and National Heritage Lottery (£5m).

The £15m project was added to the councils capital programme at the Full Council meeting on 11 February 2022 ([Agenda for Council on Friday 11 February 2022, 10.00 am - Herefordshire Council](#)).

To date, the council has successfully passed the second stage of the National Heritage Lottery Fund process, in seeking a £5m contribution to the project (appendix 4). Subject to the outcome of the Stronger Towns Fund submission, the council will submit the third phase NHLF application in the autumn 2022.

Delivery of the project is subject to securing the required funding from all three funders.

Type	Source	Total Amount
Public sector	Towns Fund	£5m
National Heritage Lottery Fund	HLF	£5m
Herefordshire Council	Council	£5m
...		

## Proposed/agreed charging mechanism

- The development will be funded by the revenue income streams outlined in the Financial Case section of this Final Business Case
- Expert external advice on income generation opportunities and possible levels of income has been commissioned from Take The Current and the report is supporting this is attached as appendix 1

## Proposed/Agreed contract lengths

- Professional advisor contract lengths for the period of the design and implementation
- Relevant contractor contract lengths for the duration of the construction
- Length of contract for the provision of shop and café to be determined, dependent upon the current commissioned work to look at options for models of delivery

## Proposed/Agreed key contractual clauses

- All external contractors, suppliers and advisors will be required to meet the Council's standard contractual obligations

- Wherever possible, contractual arrangements will be made to minimise the risk to the Council, for example in the operating models and obligations surrounding café and shop franchises

### Personnel implications (including TUPE)

It is anticipated that TUPE will not apply to this project as salaried staff are already part of the Herefordshire Council staffing establishment.

Some staff may be required to work from a different location as a result of this project, due to the proposal to move the Library to the Maylord Orchards Centre.

It has been identified within the Take the Current report, and by further analysis completed by Herefordshire Council, that additional staffing will be requirement to support the new Museum and Art Gallery offer.

## COSTS

### Capital Costs

Below is a summary of the capital cost plan for the project, produced by Herefordshire Council, in consultation with Mace, based on the RIBA stage 2 cost plan:

Element	Element Total	Total
<b>Elements included in Mace Ltd Cost Plan(RIBA Stage 2)</b>		
Facilitating Works	£ 135,000.00	
Building Works (Excel Externals)	£ 7,825,446.00	
External Works	£ -	
Main Contractors Prelims(17%)	£ 1,353,276.00	
Main Contractor OH&P(5%)	£ 465,686.00	
Main Contractor Risk(5%)	£ 488,970.00	
Professional Fees	£ 2,344,956.00	
Inflation; to 4Q23(8%)	£ 1,009,067.00	
Contingency(10%)	£ 1,362,240.00	
	<b>Sub Total</b>	<b>£ 14,984,641.00</b>
<b>Elements not included in Mace Ltd Cost Plan(RIBA Stage 2)</b>		
Digital Infrastructure	£ 5,000.00	
Underpinning	£ 63,450.00	
Procurement costs 0.3%	£ 24,824.00	
PMO Cost	£ 170,000.00	
Planning Cost	£ 5,000.00	
Third Party Compensation(Estimate)	£ 1,006.00	
Income Generation Report	£ 9,555.00	
NHLF Required Activities	£ 250,100.00	
	<b>Sub Total</b>	<b>£ 528,935.00</b>
	<b>Total</b>	<b>£ 15,513,576.00</b>

## FUNDING AND REVENUES

### Current Funding Streams

Funding streams (Indicate revenue or capital funding requirement)	Total
Stronger Towns Fund (secured capital)	£5,000,000
Heritage Lottery (capital)	£5,000,000
Herefordshire Council funding	£5,000,000
<b>TOTAL</b>	<b>£15,000,000</b>

### Financial year forecast

Financial Year Forecast Costings	2022/23	2023/24	2024/25	Future Years	Total
	1,400,000	5,800,000	7,800,000		15,000,000

Revenue budget implications	2022/23	2023/24	2024/25	Future Years Average of Yrs 4 - 8 once fully open
<i>note any impact on revenue budget, good or bad</i>	£000	£000	£000	£000
Opening set for January 2025.				
Income	0	0	£132,196	£611,387
Expenditure	£26,901	£53,802	£148,929	£670,205
<b>TOTAL</b>	<b>£26,901</b>	<b>£53,802</b>	<b>£16,733</b>	<b>£58,818</b>

Staff will need to be employed ahead of opening date, therefore it is expected that additional staffing costs will be incurred in 2024/25.

Take the Current were commissioned to provide professional and expert advice for the operational model of the services within HMAG which are in the attached appendices. Following a review of the information provided by Herefordshire Council finance and operational colleagues the financial model has been updated to reflect an increase in staff and other costs.

## AFFORDABILITY ASSESSMENT

As the project had developed considerably, external consultants Take the Current were commissioned to provide an updated report on possibilities for income generation at a redeveloped site. Their full report is attached as an appendix 1 to this business case.

Below is a summary table which presents their findings and indicates their conclusions around the revenue budget for the first five years of being operational for a full year as a redeveloped site. NB. The expenditure figures have been revised to reflect more realistic staffing and marketing costs.

Year	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr8
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£	£	£	£	£	£	£	£
<b>Visitors</b>	0	0	16,250	65,000	70,000	75,000	75,000	75,000
<b>Income</b>	0	0	132,196	508,835	550,547	607,536	606,459	620,165
<b>Council investment</b>	26,901	53,802	16,733	86,881	94,305	64,287	56,905	55,264
<b>Expenditure</b>	26,901	53,802	148,929	595,716	644,852	671,823	663,364	675,429
<b>Surplus/Deficit</b>	0	0	0	0	0	0	0	0

## WIDER FINANCIAL IMPLICATIONS

The project is dependent on the relocation of the library to Maylord Orchards, as part of a separate £3m Stronger Towns application.

The project is depending on the continued revenue core funding to the museum service as highlighted above.

# COMMERCIAL CASE

## **PRACTICE NOTES**

The Commercial Case assesses the commercial viability of the investment.

Note the level of detail should be proportionate to the size of the project.

# COMMERCIAL CASE

## INTRODUCTION

An assessment of the revenue generating possibilities for a redeveloped Hereford Museum and Art Gallery has been provided by Take the Current whose provided the commissioned report 'Hereford Museum Income Generation' in May 2022.

The council commissioned the study to understand if the income generated by the museum could meet increased operational costs over and above the current base revenue budget. The assessment is based on the museum being open for 7 days during peak season, and increase on the current 6 days a week service.

The report is provided as appendix 1 to this business case. In order to compile their report, Take the Current approached a number of other museum developments in order to give a robust foundation for the assumptions in their report. Take The Current looked at factors such as the population density in the local area i.e. a one hour drive time to reach the location, the size of the museums and the detail around recent renewal and refurbishment. The museums who responded were Museum of Somerset in Taunton, Museum of Dorset in Dorchester, Y Gaer in Brecon, the Museum of Lincolnshire Life in Lincoln and Moyse's Hall Museum in Bury St. Edmunds. Details of the responses from the museums involved can be found in appendix 1 of the Take the Current report (pp.30).

The Take the Current report states:

'The Museum of Somerset (which is in Taunton Castle) managed to increase its visitors from 35,667 to an average of around 75,000 following complete refurbishment, building from 67,000 in the first full year opened. Assessing the information gathered it would appear to be a good benchmark and aspiration for the new Hereford Museum & Art Gallery. Both geographical areas attract similar numbers of overnight stays, Somerset attracting 421,000 and Herefordshire slightly more at 470,000. In terms of the local population there is a similar age profile and the employment levels are broadly similar' (*Take the Current 'Hereford Museum Income Generation' p.13*).

All sources of income available to museums have been considered to ascertain the best mix to enable the new museum to be sustainable. The main sources of income are: admission (entry and exhibitions); trading (catering, retail, licensing); hire (weddings, corporate hire, workshops); events (online or in person, talks, activities, workshops, tours, podcasts); education; sponsorship; membership and patron schemes; donations; fundraising; legacies; fundraising and investment (endowments).

## COMMERCIAL DELIVERABILITY

A summary of the commercial case can be found below. This has been slightly amended to the Take the Current report 'Hereford Museum Income Generation'. The table is based on financial projections for year 1 of a redeveloped museum. A conservative visitor number of 65,000 gives a deficit of £86,881, this deficit will be covered by the council.

Staffing costs are based on HMAG being open 7 days a week at peak times, and 6 days at off peak. This is peak time increase of 1 day per week from current service provision.

<b>HMAG Financial Projections</b>			
A visitor projection of 65,000 gives a deficit of £86,881			
<b><u>Income</u></b>			
Visitors	65,000		
	£		
Exhibition admissions & members	124,735		
Gift Aid	22,865		
Retail	104,000		
Catering	15,855		
Hire	54,800		
Event commissions	11,080		
Events	30,500		
Education	40,000		
Council based budget	80,000		
Donations	15,000		
Sponsor	10,000		
<b>Total income</b>		<b>£508,835</b>	
<b><u>Expenditure</u></b>			
Staff costs	428,756		
Marketing	60,000		
COS Retail	31,200		
COS Events	6,760		
Hire for exhibitions	15,000		
Volunteer costs	4,000		
Operating costs	50,000		
<b>Total expenditure</b>		<b>£595,716</b>	
<b>Surplus/(deficit)</b>		(86,881)	

The above figures in the report are based on the following assumptions from the analysis of charges of other similar museums.

- Exhibition prices – Adult £5/Child £2.50
- Annual passes – Adult £16/Child £7.50
- Membership – Adult £40/Child £20
- Gift Aid take up – 90%
- Local/tourist mix – 75%/25%
- Exhibition visitors (local) – repeat levels x 3
- Conversion to annual pass – 25%
- Conversion to membership – 5%
- Retail conversion – 20% ATV £8
- Café conversion – 20% ATV £7
- Wedding Hire - £1200 x 10 weddings
- Catering commission on events 10%

- Only one temporary exhibition in opening year due to opening emphasis
- Facilities Management costs supported by the Council as this is a Council owned property
- Rates for museums has been valued at £1 taking the Receipts and Valuations method (eg RAMM Exeter, York Museums)
- Skilled, experienced team are employed

As the RIBA stage 2 concept design is now completed, and the likely scale of the exhibition space known the council is finalising an exhibition strategy. The strategy considers how the space can be maximised to offer the best possible experience, for example attracting national and international tourism exhibitions from 2024/25 onwards when the works are complete, where we will display the Viking hoard, and how we can establish collaborations with other museums and art galleries to share content. For example a possible collaborations with the National Portrait Gallery, particularly opportunity to focus on the Cecil family history/ connection to Herefordshire.

**PROCUREMENT STRATEGY**

Procurement of any additional services will follow Herefordshire Council’s procurement procedures (Appendix 6), and procurement colleagues are members of the project board.

- RIBA stage 2b onwards – Professional team to be procured to support the detailed design stage of the project up to planning approval.
- Implementation – Contractor to be procured to implement the development of the HMAG
- PassivHaus/EnviPhit consultants to be procured to advise during RIBA stages 2-6
- Café operation – subject to preferred delivery method, possible procurement of a café operator.

The following surveys have/will be procured:

<b>Title of Survey</b>
Ecology Survey
Intrusive Drainage Survey
Thermographic Survey & Air Tightness Survey
Structural Survey
Geotechnical Investigations Survey
Archaeological consultant/supervision
Passivhaus Certification EnviPhit RIBA Stage 3 - RIBA Stage 5
Asbestos Management Survey
Localised Asbestos Refurbishment & Demolish Survey
Services Survey

Any procurement will adhere to the Herefordshire Council’s Contract Procedure Rules. The purpose of the Contract Procedure Rules (CPRs), together with the guidance document and the contracting toolkit is to help officers involved in commissioning, procurement and contract management to carry out their roles effectively, ensuring that: a) contract selection and award procedures are conducted in accordance with the relevant legal requirements under an equitable, transparent and regulated process b) ensure the council obtains value for money and minimises the cost of procuring goods, works and services, utilising strategic delivery partners wherever possible c) strategic policies are taken into account, for example in promoting the economic development of Herefordshire and in relation to protecting the environment d) procurement procedures are kept under review in order to ensure continuous improvements to services and provide best value to the community of Herefordshire e) contracts are managed to ensure they are delivered as specified, achieve the desired outcomes and are received on time and within budget

Link: [Herefordshire Council CPR](#)

## **External consultants**

Herefordshire Council has appointed Mace Limited to undertake the roles of lead consultant, project manager, Programme manager, cost management and also contract administrator, reporting into Herefordshire Council's PMO and Project Board.

As lead consultant Mace has procured the sub-consultant design team on behalf of Herefordshire Council. As project managers Mace will then manage the team, ensuring the design aligns to the Clients' vision, driven by a programme managed approach. Throughout the design stage, Mace's cost management team will work alongside the design team to provide robust support so that designs can be progressed aligned to any budget constraints, as well as ensure suitable robust costings are provided to support the Business Case.

**Mace** will lead the procurement strategy workshop with the Council and the design team, and work with the Council's procurement and legal advisors during the procurement and tender of the main contractor.

**Architype** will undertake the roles of Architect, Lead Designer, Sustainability Consultant as well as Historic Building Designer working alongside specialist conservation Architects, Ferrey & Mennim. Undertaking these roles will enable Architype to craft a fully collaborative design solution that responds to the aspirations of Herefordshire Council to create a leading Museum & Art Gallery for the city to the highest environmental standards. Architype have been involved in the Museum & Art Gallery project from the initial stages of supporting the Stronger Towns Fund application as well as outline business case and feasibility stages and hence are well placed to build on the knowledge and understanding of the project to realise the aspirations of both the council and the community.

**Prince + Pearce (P+P)** develops planning, design and management strategies for museums and other cultural assets, programmes and projects. Experience includes a range of museums, art galleries and libraries, listed buildings, Scheduled Ancient monuments and World Heritage Sites. P&P's work on museums has focused on (a) business planning (income generation, operational requirements, governance, resilience, marketing and visitor planning), (b) contributing to the development of design briefs (spatial affinities, operational planning, and behavioural modelling) whilst (c) improving the ways in which museums contribute to the wider cultural infrastructure and communities they serve.

**Prince and Pearce** were first appointed by Herefordshire Council in 2017 to carry out research and to devise a resilient, sustainable future model for the Museum Service in the face of severe restrictions on government funding. Subsequently, in 2020, P+P was appointed by the Council to report on the revenue earning potential and operational implications of a redeveloped Museum in Broad Street and a relocated Library in the Maylord Centre in Hereford, with its brief extended to advising during RIBA Stage 1 of the redevelopment of the Museum and developing the design brief in the following areas:

- Income generating space requirements
- Special and temporary exhibitions
- Community space
- Visitor management
- Relationship with the wider cultural infrastructure of the city and county

Consequently P+P has developed a detailed understanding of the museum's collections and operational arrangements as well as considerable local knowledge. It is proposed P+P's continued involvement in the project will entail working with the design team on the further development of specific aspects of the brief through stakeholder and community consultation.

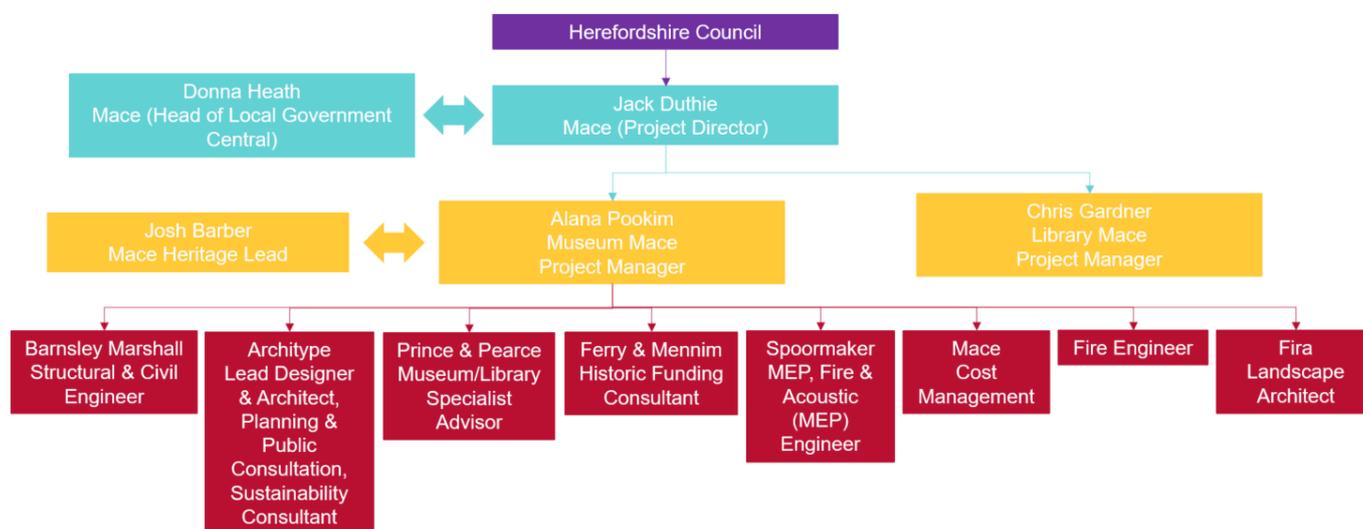
**Barnsley Marshall**, Mace's selected Structural and Civil Engineers are passionate about design and believe that great Architecture and design, supported by sound engineering, creates better buildings and environments that improve the quality of people's lives, bringing tangible social and economic benefits to communities.

**Spoormaker and Partners (S + P)** are an award-winning international firm of MEP consulting engineers, originally founded in 1964. It has a total headcount of approximately 100 staff, delivering all aspects of mechanical, electrical and public health building services design across a wide range of sectors.

**Ferrey & Mennim** are award winning conservation architects who pursue a contemporary, timeless architecture with carefully crafted detail and are passionate about working collaboratively with clients, resolving complex issues, and creating long lasting, beautiful buildings for them.

**FIRA**, Mace’s selected landscape architects create beautiful places that enhance people’s health and improve wellbeing. Their collaborative approach, involving the client team, the design team and the users of the space, will enable the team to create practical, sustainable and attractive designs that will stand the test of time, reflect the communities that use them and are sustainable.

Mace’s project team structure:



### Take the Current

Herefordshire Council has also commissioned Take the Current to undertake an income generation options report. The requirement was to review and revise as appropriate the outline business appraisal options in the report on ‘Options for Income Generation in a Redeveloped Hereford Museum’. The aim is to maximise income generation in a refurbished museum development.

An initial independent business appraisal of the proposals was produced by Prince & Pearce in July 2021. As the project progresses through to completion of RIBA stage 3 a detailed business appraisal is required to develop a fully-funded and agreed way forward, building on the work of the July 2021 report. This should include, but not be limited to, assumptions and rationale regarding:

- Special Exhibition income
- Space hire / Corporate hospitality
- Corporate Sponsorship
- Retail and Catering income
- Space letting
- Sponsorship & donations
- Costs: Staff; Advertising & promotion; Hired-in exhibitions; Facilities Management
- Headline outturn and sensitivities

**Building Surveys**

The following building surveys have been commissioned/will be commissioned to inform the design and costings:

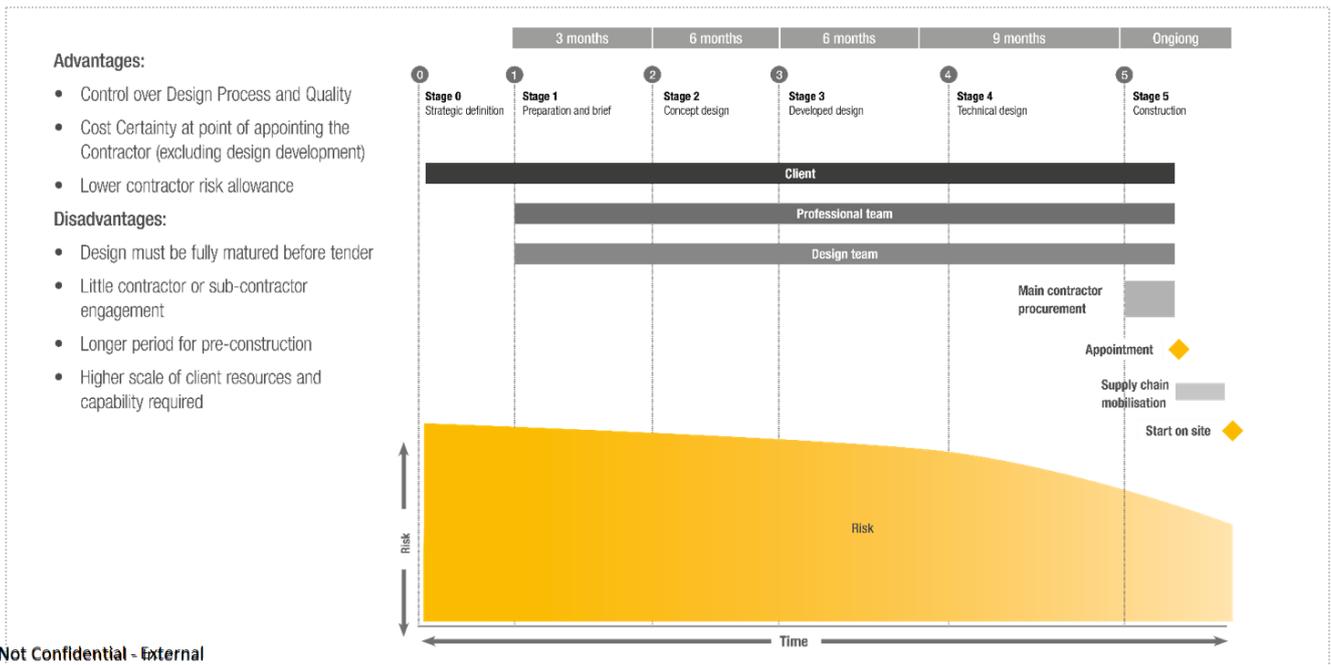
- Ecology survey
- Intrusive Drain survey
- Thermograohic survey and air tightness survey
- Structural survey
- Geotechnical Investigations Survey
- Archaeological consultant/supervision
- Passivehaus Certification EnerPHit RIBA stage 3 – RIBA stage 5
- Asbestos Management Survey
- Localised Asbestos Refurbishment & Demolish Survey
- Services Survey

**Procurement of Contractor**

Procurement of a contractor has not yet been determined, but the following options have been produced by Mace, and are currently being discussed.

The below options are taken from an options presentation by Mace. These are attached appendix 14 The below is a summary of the potential procurement options.

**Option 1: Traditional – Lump Sum**



## Option 2: Traditional – Two Stage

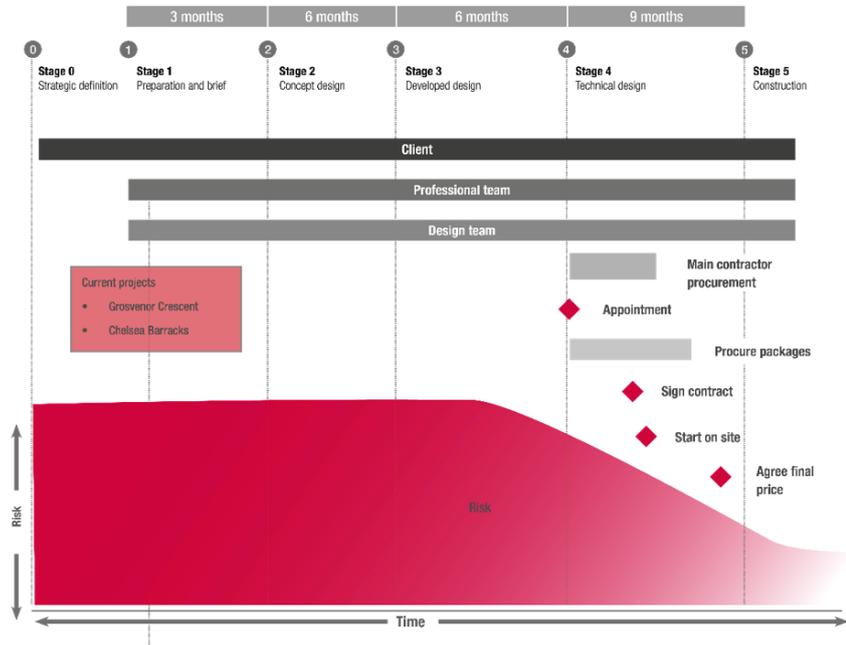


### Advantages:

- Control over Design Process and Quality
- Cost Certainty at contract sum agreement (excluding design development)
- Lower contractor risk allowance
- Early client engagement with the supply chain would assist in the design process which could then be novated over to the main contractor at contract award.

### Disadvantages:

- Design must be fully matured before tender
- Little contractor or sub-contractor engagement
- Longer period for pre-construction
- Higher scale of client resources and capability required



Not Confidential - External

## Option 3: Design and Build

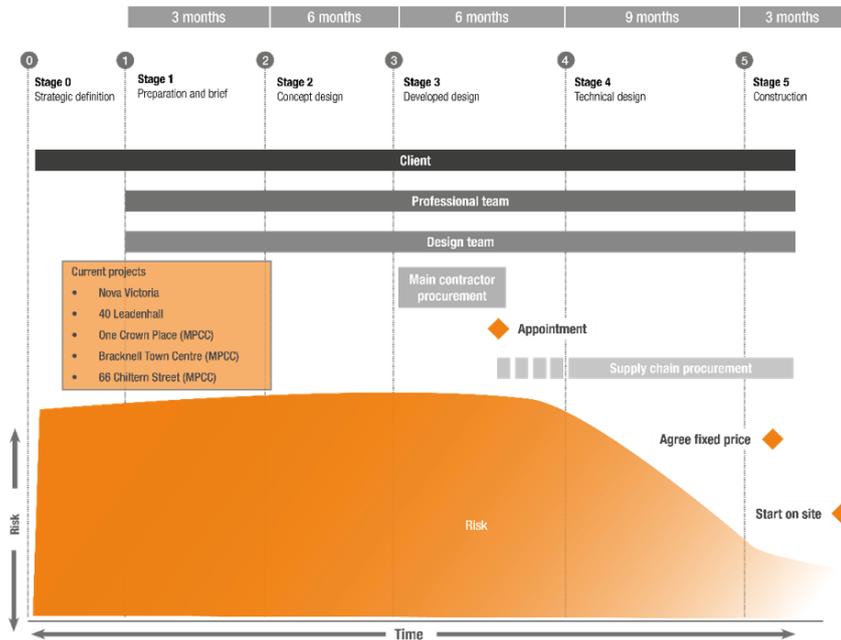


### Advantages:

- Transfers risk to Contractor for Construction delivery & design development
- Early cost certainty
- Early Contractor involvement - assists with buildability

### Disadvantages:

- Client has reduced control over design
- Clients Requirements must be fully detailed before signing Contract
- Less capacity for client change



Not Confidential - External

# Option 4: Construction Management (CM)



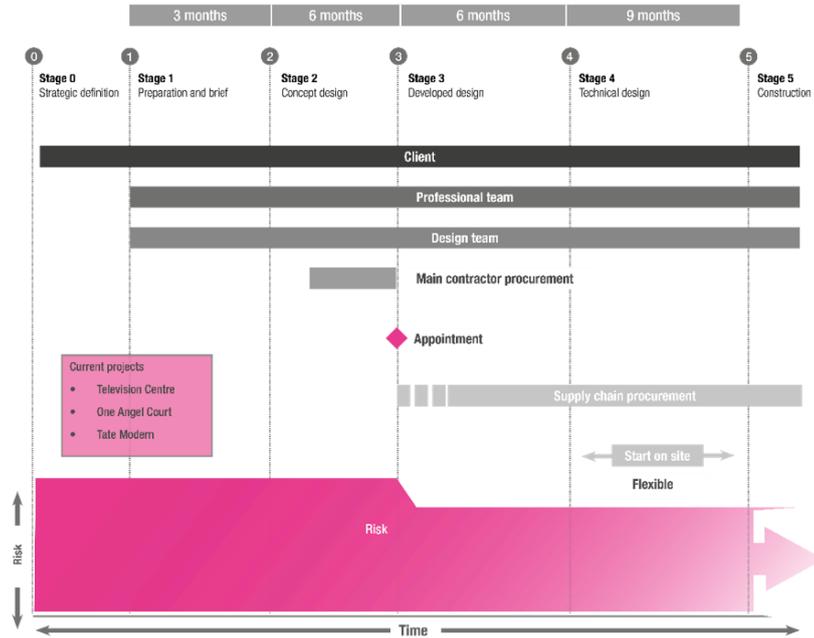
## Advantages

- Client retains full control of design
- Buildability input pre-tender
- Changes can be accommodated
- Full access to the supply chain
- Allows early site activities under a CM route to gain programme benefits such as earthworks, structural alterations and frame.

## Disadvantages

- Construction Manager takes control of packages and interaction with subcontractors, but has no contractual role
- Client has to manage the contractual agreements with each subcontractor
- Client retains majority of risk
- Risks to Client if the design is not fully coordinated
- No cost certainty until final package is let and concluded

Not Confidential - external



# MANAGEMENT CASE

## PRACTICE NOTES

The Management Case assesses the deliverability of the investment, identifying timescales and project responsibilities.

The questions set out below are intended to help you to think through a number of aspects which will help to ensure your project is successful. Whilst this may look quite detailed compared to some of the other cases, it will be important for you to think through each of these elements so you can be in the best place possible as you look ahead to project initiation and project delivery.

The management case should build on the delivery plan outlined in the TIP for this specific project.

From a stakeholder engagement perspective, it's important to identify the key stakeholders and include a strategy and plan laying out a programme of stakeholder engagement activities that will help deliver the project.

Note the level of detail should be proportionate to the size of the project.

# MANAGEMENT CASE

## INTRODUCTION

This Management Case describes details of the delivery programme for the full refurbishment of the Hereford Museum and Art Gallery.

## PROJECT ORGANISATION AND GOVERNANCE

The project is managed by Herefordshire Council's Programme Management Office (PMO).

The project is overseen by the Project Board, which meets at least monthly. The Board comprises:

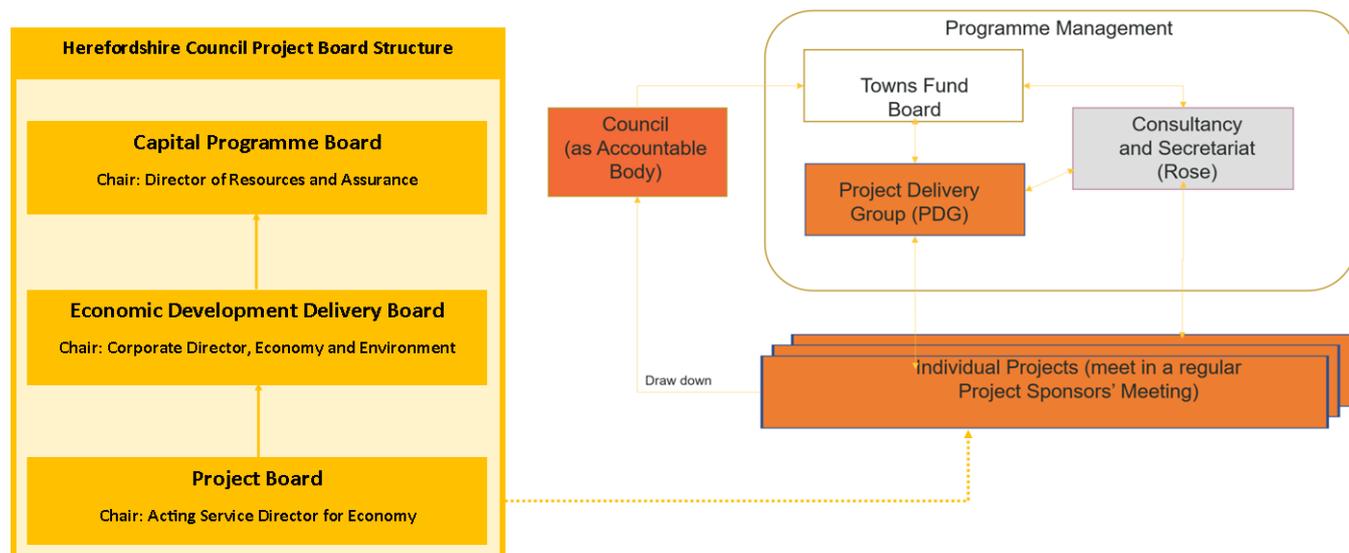
<b>Role</b>	<b>Name</b>	<b>Job Title</b>
Senior Responsible Officer - Chair	Roger Allonby	Service Director Economy
Senior User	Amy Pitt	Service Director Communities
Programme Manager	Amy Swift	PMO Programme Manager
Senior Project Manager	Johnathan Pritchard	PMO Senior Project Manager
Project Support	Sam Shepherd-Williams	PMO Project Support Officer
Service Area	Chris Jenner	Head of Community Cultural Services, Community Wellbeing
Finance – Capital	Karen Morris	Strategic Capital Finance Manager, Corporate Services
Legal	Sharon Bennett-Matthews	Head of Law and Legal Business Partner Economy & Place, Corporate Services
Legal	Adam Powell	Lawyer 1 contracts and major projects
Finance – Revenue	Kim Wratten	Finance Manager, Corporate Services
Communications Lead	Luenne Featherstone	Communications Manager, Corporate Services
Service Area	Jonathan Chedgoy	Museum Libraries and Archives Manager, Economy and Environment
Property Services	Andrew Husband	Strategic Property Services Manager, Corporate Services
As and when by invite exception	Lee Robertson	Commercial Manager, Corporate Services
As and when by invite exception	Sarah Jowett	Strategic Assets Delivery Director, Corporate Services

As and when by invite exception	Judith Stevenson	Museum Team Leader, Economy and Environment
As and when by invite exception	Joanne Moore	Head of Corporate Finance, Corporate Services
Other attendees as required such as Professional Leads (Finance, Procurement, Property, Legal, Communications, Planning, External Grants, Performance Management, etc) Technical Leads (sustainability, communities, etc)		

**Economic Development Delivery Board** provides a regular oversight, decision and recommendation making forum for projects that are being delivered through this Board. The Board is accountable for the delivery of Council Projects (under the Board's remit), ensuring the projects meet their strategic purpose, delivering high quality value for money outcomes for the council that follows the Council's applied Governance model for project management.

**Hereford Town Board** is establishing a Programme Management Office with responsibility for Monitoring and Evaluation of the delivery of all Hereford Town Deal projects, including the delivery of the Hereford Museum and Art Gallery refurbishment.

**Herefordshire Council 151 Officer** will report to HM Government every six months on the Hereford Museum and Art Gallery project service delivery as stipulated in the Town Fund guidance.



### External consultants

As detailed within the commercial case, Herefordshire Council has appointed Mace Limited to undertake the roles of lead consultant, project manager, programme manager, cost management and also contract administrator, reporting into Herefordshire Council's PMO and Project Board.

### ASSURANCE

Project assurance is managed via the Board structures detailed above; quarterly progress of the projects is reported through the Delivery Boards. The PMO will prepare a dashboard for Board who will satisfy themselves that the projects are being managed in line with the agreed process and that projects remain relevant and aligned to the Delivery Plan.

**Stronger Towns Board** will have oversight of monitoring and evaluation throughout

## SCOPE MANAGEMENT

Hereford Museum and Art Gallery Redevelopment is a £15 million project.

As detailed within this document, overall project management will be led by Herefordshire Council's PMO and the Project Board who will work together, with input as required from externally appointed partners to ensure that the project is developed and implemented effectively. The project will continually monitor the scope of the project and will implement the PMO's change management process to ensure that any change to scope is correctly managed.

### In Scope

- Building designs, plans and surveys as required
- Procurement
- Building refurbishment
- IT systems
- Installation of equipment and new technology
- Communications, marketing and engagement
- Development of monitoring and reporting mechanisms
- Confirmation of ongoing costs and resourcing requirements
- Plans for staffing and running of the building

### Out of Scope

- Public realm improvements outside the building boundary
- The acquisition of new content in the museum, for example securing the Herefordshire Hoard is outside the scope of this project.

## PROGRAMME/SCHEDULE MANAGEMENT

Stage/Milestone	Indicative Date
Stage 0 - Project Mandate approved	July 2021
Stage 1 - Outline business case completed	July 2021
Stage 2 - Full business case completed	June 2022
Cabinet Decision to submit the business case	June 2022
Planning process/listed building consent	June 2022
Approval to spend obtained	September 2022
National Heritage Lottery Fund submission	November 2022
Planning approval	November 2022
Tender process	January 2023 – April 2023
Stage 3 - Delivery	March 2023
<i>Construction commences</i>	June 2023

Stage 4 – Handover	February 2025
Stage 5 - Project Closure	Construction March 2025 Output Delivery March 2028

This project is independent of other TIP projects so has no reliance on other timescales within the programme.

The project is dependent on securing external funding (Stronger Towns and National Heritage Lottery Fund) within the anticipated timescales.

The project is also dependent on achieving planning permission and conservation approval.

**Constraints and dependencies**

**Initiatives which depend on this project are:**

- The redevelopment of the Maylord Orchards Centre to incorporate the planned move of the library element within the building to a new site. Options for this are being developed separately as part of the project to develop the Maylord Orchards Centre. This is one of the other projects in the Hereford Town Improvement Plan which has received funding via the Stronger Towns programme.

**This project depends on:**

- In its current form, this project depends on the library moving out of the building to another venue; any delay in the progress of that project may hinder the progress of the Museum and Art Gallery redevelopment. Current timescales indicate that the Maylord Orchards Library and Learning Resource Centre project will be completed before the HMAG.

**Critical Success Factors**

The critical success factors will be:

- A full understanding of the physical infrastructure of the building to provide assurance that the redevelopment of the site can be supported
- The securing of the necessary capital funding from a variety of sources to enable the delivery of the project
- The development of a full and robust revenue business case over the forthcoming months to ensure the ability to operate in the years ahead. Take The Current’s ‘Hereford Museum Income Generation’ report (referred to in section 2.5 above and attached as an appendix 1 to this business case) will support this
- The involvement of stakeholders and the community in shaping, supporting and championing the offer at the redeveloped site
- Provision of a site and service that directly contributes to the delivery of priorities in the County Plan

**RISK AND OPPORTUNITIES MANAGEMENT**

Identifying and managing risks is a normal part of project management. Whilst many risks will be mitigated or accepted as part of the project management process, there may be at times, significant project risks (those whose score is over 16) that require the SRO to escalate details to the Director via the Delivery Board for entry into the Service Risk Register. If this occurs, the Project Manager will notify the Business Intelligence Team, record this action under the Project Board and monitor updates or actions around the risk. The Capital Portfolio Manager will ensure that an agenda item at the Delivery Boards reviews escalated and de-escalated risks, providing a flow of information and robust audit trail.

As owner of the property, Herefordshire Council would bear the ultimate responsibility for risk. The risk will be managed and mitigated by the adoption of appropriate processes through the stages of development via the following approach:

- Procuring appropriately qualified professionals to design and develop the necessary building works including surveys
- Procuring an appropriately qualified contractor to deliver the relevant building works within an agreed timetable
- Procuring appropriately qualified and experienced external advice and guidance to advise on income generation and opportunities including modelling different approaches and providing appropriate risk analyses
- Options for the operation of the proposed shop and café will be assessed by appropriate external advisors to advice on levels of risk and possible income
- Existing qualified and experienced museum staff will provide the core of the staffing and provide expert professional advice in the planning and design stages

## Risks

Identified risks and mitigation:

Risk Description	Risk score	Consequence	Mitigation
Financial / political - Changes in government Stronger Towns funding programme leading to reduced funding	6	Scope of project would need to be revised to meet new budget	Funding decisions re Stronger Towns fund will be made in June 2022, so we will know exactly how much funding we have secured for the project by the time the development stage application is made to NLHF ensuring cost certainty for this element of the funding package.
Technical - Timescales for NLHF funding and Stronger Towns fund don't match, and may cause delays	9	Stronger Towns funding final application has to be submitted in June 2023, meaning that we cant include the design development up to RIBA stage 3 in our NLHF application as this work will need to be undertaken whilst our NLHF application is considered.	The issue of timing has been discussed with NLHF. They are used to working on projects with complex funding packages and with projects that are therefore working to a range of dates.  Whilst this leads to some complexity, it does mean we will have secured this funding in advance of our development phase application to the NLHF, which is a positive position for the project going forward.
Technical - Refusal of planning permission or Listing Building Consent or the planning process	8	Delays in project timescales leading to funding deadlines being missed	Project team continues to work with Historic England and have sort pre-planning advice.
Political - Delay in governance sign off on project	8	Delay in project start date	Project viability work already carried out and shared.

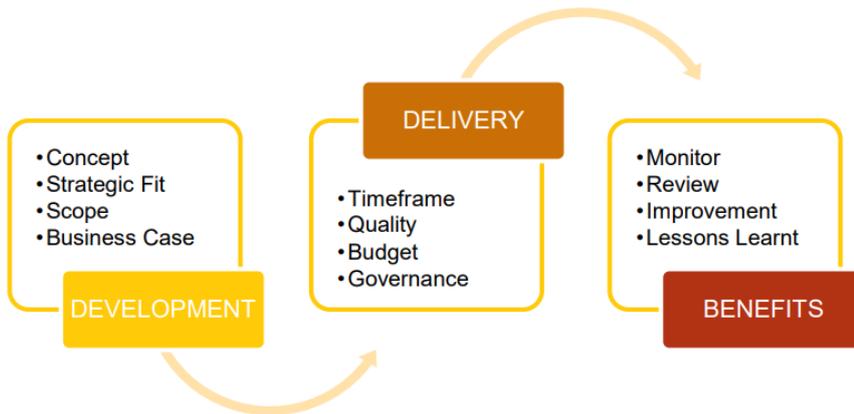
			Each step of the project has been through the councils governance process.
Political - Change of administration during project development period	7	Change in council priorities delaying or question the project value/future	Stronger Towns Funding terms and conditions and commitments made by the council to the stronger towns fund, as well as cross party support will mitigate this.
Financial - Unable to secure loan finance for the project	6	Project unable to proceed or delay until other funding secured.	Project Board includes finance representative. Herefordshire Council can borrow against public works loan board and are in a good financial position.
Environmental - Ecology survey finding reveal roosting bats and further works are required	8	Delay to project while further surveys are carried out and mitigation required	the project team are in the process of procuring an ecology survey and have identified key date in which surveys works should be action if required
Resources- Additional staffing required to fulfil the business model developed by Take The Current.	7	Costs of additional staffing will need to be covered in order to ensure viability of business plan. An under resources museum and gallery will not be sustainable.	Some additional staff costs (Heritage Officer) have been included in NLHF funding request for delivery stage. Core budget will continue to support existing staff in order to give the Museum and Gallery an opportunity to become sustainable over the first 3 years of operation.
Financial - Unforeseen work required following strip out	7	Unforeseen costs to the project and delays to the project	Several surveys have been carried out including a Condition survey, Engineering survey, measured building survey an a conservation management plan. Further Survey works will be carried out over the life of this project to ascertain building condition before strip out occurs. Contingency has been built into the budget
Political - Project not delivered on time	8	Reputation damage, potential funding claw back, delay to project	Continue communication with funding providers throughout the life of the project
Political / Resources - Project not delivered on budget	8	Reputation damage, potential funding claw back	Continue communication with funding providers throughout the life of the project
Political - Delays to project start due Herefordshire Council governance and funder requirements	9	Reputational damage, delays to project, financial implications	Project team to work closely with the governance team and funding partners to map out timelines and key milestones. Time allows in current time able
Social - Lower visitor numbers than forecast	8	Reduced income and reputational damage	The quality of the exhibitions and activities are essential to this. A significant amount of funding has been allocated to ensure that the end product is of a high quality. Experienced staff are in place to work with the community and engage people in new heritage experiences. Marketing will also be critical to the ongoing success of the Museum and Art Gallery. A significant marketing budget has been allowed for in the business model.

Political - Change in political leaderships / support for the project	7	Loss of political support, leading to loss of resources.	Funders terms and conditions and commitments made by the council , as well as cross party support will mitigate this.
Financial - Grant applications unsuccessful, development costs create revenue pressure	9	Project delays and further costs.	Technical team appointed to develop a comprehensive grant application. Cabinet aware of the risk through key decisions to be taken in Feb 2022. Alternative reserve to be identified to meet risk of project unsuccessful.
Financial - Operating Model (Revenue Report) forecast unable to make the required revenue to pay back the HC Loan	9	Project unable to proceed due to going over budget.	Project Team will work closely with the Chief Finance Officer, the project board will be briefed throughout this process. Project Team are currently having discussions with the Chief Finance Officer and CEO to mitigate cost pressures. In addition, the project team will be procuring a consultant who will design and produce and activity/ exhibition plan which will help generate visitors to the museum.
Construction - Asbestos discovered during works as intrusive surveys, enabling works and construction	7	Cost implications and a delay to the project timescale	Asbestos Management and R&D are being procured
Construction - Hazardous Lead Paint requiring removal under controlled condition	7	Cost implications and a delay to the project timescale	Sample test will be carried on the paint where works will interface
Construction - Insufficient redundancy within existing project structure requires extensive underpinning to enable new storey and facilities	7	Cost implications and a delay to the project timescale	Intrusive surveys, geotechnical evaluation of existing structure building on review of archive materials and geotechnical evaluation of ground conditions have been commissioned
Declined planning consent from loss of historic fabric due to installation of new roof deck and removal of existing roof to elevation at Broad street through to Aubrey street or any other element of heritage contention	8	Cost implications and a delay to the project timescale and reputational damage	Careful development with planning team, conservation officer, county archaeologist and historic England as well as other interested parties such as the Victorian society, civic society and other local groups through cascade of workshops and engagement to resolve planning through design treatments. Appropriate justification to be provided for loss of any historic fabric.
Intrusive Structural Survey identify significant Archaeology find	7	Delay to project timeframes and cost implications	The Project team have been working with Herefordshire Council Archaeology officer. Archaeology consultant is being procured to supervise the intrusive ground investigation works
Stronger Towns Board Full Business Case response isn't received within the project predicted timeframe	8	There is a risk that the projects will not move forward if we do not received positive feedback from the STB and Central Government once the FBC have been submitted within the time frames that match the project programme	The Stronger Towns assurance process will review and recommend changes before submission to Central government

Please also refer to the Mace risk log included in the appendices

## PROJECT MANAGEMENT

As outlined above, the project is overseen by Herefordshire Council's PMO. The Programme Management Office team of Portfolio Managers, Programme Managers, Project Managers and Project Support drive delivery of capital and transformational projects across the Directorates.



The Project Manager will take control of the day to day actions and manage the project as closely as possible, this will include but are not limited to:

- Monitoring and managing project actions and progress and reporting to the SRO where the budget, timescales or quality is under threat or any other significant issue.
- Recording and managing project risks and issues and escalating where necessary.
- Managing project scope and initiating change control where necessary.
- Approving spend against the project budget, under their control, and monitoring the project budget in conjunction with the Finance lead whilst providing regular updates to the SRO.
- Monitoring the Communications Plan in conjunction with the SRO and Communications Lead.
- Monitoring the progress of legal requirements in conjunction with SRO and Legal Lead.
- Monitoring the progress of planning requirements in conjunction with SRO and Planning Lead.
- Co-ordinating & monitoring the development & approval of all governance reports
- Co-ordinating & monitoring all project reporting & updates as required
- All templates for managing the project will be via Verto (the council's project management system)

## Governance

The council's governance is set out in our constitution which can be found here: [Herefordshire Council constitution – Herefordshire Council](#). The constitution sets out the governance processes required for all council decisions.

As outlined above, the PMO governance structures and requirements are outlined above on page 44. Individual Project Boards report into Delivery Boards who are in turn monitored by the Assurance Board. The Capital Programme Board represents the highest level of officer involvement and accountability; allocating feasibility funding and having oversight of all projects.

## STAKEHOLDER ENGAGEMENT

Stakeholder engagement is detailed within the Strategic Case section, and within Appendix 13, Stakeholder Consultation Plan

Below key stakeholders are listed:

- Herefordshire Museum Service Volunteers
- Herefordshire Archives & Herefordshire Libraries
- Woolhope Naturalist's Field Club

- Hereford Museum Service Support Group
- Victorian Society & Civic Society
- Hereford City Council
- Hereford Art College, including Students
- Hereford 6th Form College, including Students
- Hereford & Ludlow College, including Students
- Primary & Secondary Schools in Herefordshire, including Students
- NMiTE, including Students
- Local Universities (Worcester, Cardiff, Birmingham)
- Herefordshire Cultural Partnership
- Herefordshire Tourism Group
- West Midlands Museum Development
- Local Independent Museums
- Marches Museum Network
- Museums across the Marches
- National Museums and Organisations
- The Community / Public
- Herefordshire Churches & Religious Establishments
- Hereford Youth Council
- Equalities Groups

## **BENEFITS, MONITORING AND EVALUATION**

### **Cashable Benefits**

As the project and the design process had developed over the last year since the Prince & Pearce report, it was felt that a revised report based on the developed position was required. In April and May 2022, Take the Current were commissioned to provide a refresh of the work previously undertaken by Prince & Pearce. The full report is provided as appendix 1 to this business case.

In terms of income and expenditure, a summary table of projections from the report showing the projected income and expenditure over a ten year period is below. A further breakdown of these figures is included in section 5.2 of this business case.

	1	2	3	4	5	6	7	8	9	10
Visitors	65,000	70,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Income (£)	528,785	570,547	627,536	626,459	640,165	642,962	657,714	650,538	674,573	666,185
Expenditure (£)	467,360	516,129	542,725	558,221	570,383	572,672	583,117	595,563	606,239	617,151
Surplus (£)	61,425	54,418	84,812	68,238	69,782	70,290	74,597	54,975	68,334	49,033

### **Non-cashable Benefits**

Non-cashable benefits from the project could include – but would not be limited to:

Supporting the delivery of several of the aims outlined in the Herefordshire County Plan 2020-2024:

- EN4 Invest in low carbon projects – This project, if conducted to EnerPHit standards, would greatly reduce the carbon footprint of the building. As an example, the heating system and hot water supply at the HARC building, which was built on Passivhaus principles, is operated by the equivalent of one household boiler
- EC3 Invest in education and the skills needed by employers – The project would support learning across all of the education sectors in Herefordshire from Primary to Higher Education. The redeveloped space would offer the facility for skills development through training and courses. There would be opportunities for apprenticeships, NVQs and other appropriate training and qualifications both through the museum service and also the café. The project will include increased volunteering opportunities for people to develop skills and experience and would extend the current 1,300 hours plus per year of

volunteering that are already provided at the current museum. The project will support artists, creators, film makers, digital developers, historical researchers and students and will enable the development of skills in those areas

- EC5 Protect and promote our heritage, culture and natural beauty to enhance quality of life and promote tourism – The new museum would act as a hub for the whole county and the Marches region in promoting the heritage, culture and natural beauty of the area. It would enable more of the tens of thousands of items in the museum collection to be made available for visitors to view and would encourage community engagement in the stories, histories and places of the city, county and region. The development would also be an opportunity to promote other Herefordshire Council services and cultural sites within the city such as the relocated library and the Black & White House Museum. The development would raise the profile of Hereford and, by extension, of Herefordshire as a whole. The project would reflect several aspects of the three key themes of the County Plan.

In terms of connectivity it would allow connection with partners such as the City Council, businesses and the public and community sectors. Bringing increased numbers of visitors to the city centre to visit the Museum with an incentive to stay in the city and wider area for longer would have the benefits of supporting local and independent shops and traders, providers of overnight accommodation as well as the wider hospitality sector. The project would also improve digital connectivity, exploring exciting and innovative opportunities for visitors to interact creatively with the museum and its collections through the use of Virtual Reality and other mediums.

The project would support the theme of wellbeing. Through encouraging creativity and innovation it would recognise the value of art and culture as a contributor to wellbeing, both to those visiting the site and also those involved in exhibiting.

In their 2022 report 'Hereford Museum Income Generation', Take the Current also recognised the opportunities that might arise from the strategic requirements of National Museums to work with museums outside London.

### **Dis-benefits**

There will be disruption to service continuity in the delivery of this project. Depending on the delivery schedule for this and the related Maylord project which would see the library move to a new location, there would be a period of time when there is no library service available. This could be mitigated by ensuring preparation of the new library site before a decant from the current building; this may mean that there is a period of a few weeks where there is no library service available.

Construction work on the Broad Street building would mean that the museum provision in its current form would not be available for the duration of the construction project, possibly up to two years or more. Mitigation will be the continuation of an element of the museum service being delivered at the Black & White House Museum. There is also the possibility of exploring community 'pop ups' by having display cases with items from the museum collections in community buildings.

### **The Environmental Case**

As part of their initial feasibility study, Architype conducted an initial one day site survey and some subsequent modelling using the Passivhaus energy spreadsheet, PHPP9. The report of their work and findings can be found on pp. 19-20 of the feasibility study. The study looked at factors such as fenestration, insulation and temperature control. While the initial study was limited and more work will need to be done on this, comments in the study say that

'the Passivhaus Enerphit standard should be achievable with modest levels of insulation'

and

'initial explorations...highlight the significant savings in energy use that can be achieved by quite small reductions in average temperature but without any compromise on staff comfort'

While more extensive work needs to be done on the environmental case, it is clear that there are significant opportunities in applying EnerPHit principles to reduce the building's carbon footprint.

### **Legal Implications**

There is a historical covenant in place which impacts on the use of the building. Legal advice has been sought to explore the legal options available to the Council in respect of the covenant. The original agreement in 1893 was for the building to be given to be a 'free library' for the city of Hereford. In 2000 the covenant was amended to allow the building to provide a museum and art gallery as well. The agreement is between the Chapter of Hereford Cathedral and Herefordshire Council.

There is a general legal obligation under the Museums & Public Libraries Act 1964 for Herefordshire Council to provide a 'comprehensive and efficient' library service. As the library is currently in the building due to be redeveloped for the museum project, the interdependencies of this project and the project to move the library to Maylord Orchards Centre would need to be recognised and the legal obligation outlined to be borne in mind.

### **Equality Impact Implications**

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the public sector equality duty when taking any decisions on service changes.

Equality Impact Assessments will be carried out at the appropriate stage(s) of the project development. Guidance has been received from the Equality and Compliance Manager about the requirements for the project. An Equality Impact Assessment covering the project at the current position is attached as appendix 7 and will be reviewed on a regular basis as the project progresses.

### **Health and Safety Implications**

The health and safety of visitors to the site is paramount at all times. All staff and visitors will be expected to adhere to the health and safety guidance in force at the site at the time of their visit and to comply with any additional measures that might be in place to minimise the risks associated with Covid-19. Any external contractors working at site will be expected to wear the appropriate PPE for the task they are undertaking.

### **Social Value Implications**

The project development and procurement processes will be guided by Herefordshire Council's Social Value Toolkit and Framework. This Framework ensures that for each procurement exercise with a value of over £75,000, Herefordshire Council will identify which of the Social Value Pledges and Key Value Indicators are relevant and proportionate to be included in each contract for inclusion.

To enable Herefordshire Council to ensure their commissioning and procurement provides the most effective response to Social Value, it is important to provide clear information on the council's Social Value position. Herefordshire Council's Social Value Pledges are:

- Social and Community - strengthen communities to ensure that everyone lives well and safely together.
- Health and Wellbeing - sustain resilient people and communities, increasing both physical and mental wellbeing.
- Crime and Justice - support our local people, communities, and businesses to feel safe in their homes, communities, and places of work.
- Economy - develop a strong local economy which builds on our rural county's strengths and resources.
- Education and Skills - develop and increase high quality education and training that enables local people to fulfil their potential.
- Jobs - support local businesses to grow jobs and keep unemployment rates low to help our rural county prosper.
- Environment - protect and enhance our environment and keep Herefordshire a great place to live and work.
- Leadership - Herefordshire Council to lead and encourage others to adopt forward-thinking strategies that develop, deliver, and measure social and local value.

Through understanding the priorities for the county, the council can promote the delivery of Social Value where it will have the most significant impacts for the residents of Herefordshire. Aligned to each of the pledges are key value indicators and their associated supplier commitments. These are provided in the framework spreadsheet available to all suppliers during the tender process. This approach ensures transparency for all types, legal structures, and sizes, of organisations when responding to social value questions in tender opportunities.

Once Heads of Terms have been agreed, towns are required to develop business cases for each project and submit a Summary Document to Ministry of Housing, Communities and Local Government (MHCLG). MHCLG will need to review and be satisfied with the Summary Document before funding can be released.

The **Summary Document is mandatory**, even if you do not use the TFDP business case template.

## SUMMARY DOCUMENT

### Towns Fund Stage 2 Business case guidance Annex C: Summary Document template

Towns must:

- Submit a completed Summary Document for each project to Ministry of Housing, Communities and Local Government (MHCLG) as soon as they are ready and within 12 months of agreed Heads of Terms.
- **Where towns require funding in 2021/22** then Summary Documents **must** be submitted to MHCLG by 14 January 2022.
- Note that in the event of late submission of Summary Documents (SD), MHCLG cannot guarantee payment. If there is a risk of late submission, towns should promptly liaise with their MHCLG local leads.

- **With the first Summary Document, include** Part 2: Town Investment Plan (TIP) conditions (where applicable).

Please note: MHCLG will use the financial profile (Annex A-1) submitted previously to make any payment.

**Programme-level update**

Where not submitted today, the remaining Summary Documents submission timings.

<b>Project name</b>	<b>Month/Year</b>
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

# Part 1: Project Summary Document

Towns should complete this for each project.

Summary Document table	
<b>1. Project name:</b>	
<b>2. Heads of Terms project conditions</b>	
<ul style="list-style-type: none"> <li>- Actions taken to address any conditions attached to the project in the Heads of Terms, where applicable.</li> <li>- Where the condition was to provide a delivery plan please input in the section below (no.9) and/or attach to this document.</li> </ul>	
<b>3. Business case appraisal</b>	
Provide details of how the business case has been appraised including: <ul style="list-style-type: none"> <li>- business case type</li> <li>- any internal or external assurances</li> </ul>	
<b>4. MHCLG capital (CDEL) 5% payment</b>	
Main activities, if applicable: <ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>	
<b>5. Quantified benefit-cost ratio/value for money (e.g. Benefit Cost Ratio or Net Present Social Value)</b>	
A quantified benefit-cost ratio should be provided. If it has not been generated, a summary of evidence used by the S151 Officer to demonstrate value for money should be stated.	
<b>6. Deliverability</b>	
Will this project still be delivered within the Towns Fund timeframe? (Y/N)	

**7. Delivery plan**

Including details of:

- timescales and key milestones
- partnerships
- interdependencies
- risks and mitigation measures (if not provided above).

**8. Town Deal Board Chair name & signature**

Name of the Town Deal Board:

Chair's name and signature:

Date:

**9. By signing, I agree that:**

1. The business case, in a proportionate manner, is Green Book compliant.
2. The 5% early capital (CDEL) has been included in the Town Fund project costs across the programme.
3. This project and expenditure represent value for money, including the 5% early capital (CDEL) provided.
4. Project-level Equality Impact Assessments such as Public Sector Equalities Duty and/or Environmental Impact Assessments have been undertaken.
5. For final submission - programme-level Public Sector Equality Duty assessment has been undertaken by the accountable body.

**Name of the lead Local Authority and signature of the Chief Executive Officer or S151 Officer**

Name of the lead Local Authority:

Job title:

Name and signature:

Date:

## **Part 2: Town Investment Plan (TIP) conditions**

Towns are **only** required to submit this with the **first batch** of Summary Document if any TIP conditions are listed in the Heads of Terms. All TIP conditions must be met **before funding can be released**.

<b>TIP conditions table</b>	
<b>1. TIP improvement condition</b>	Set out TIP improvement conditions as agreed in Heads of Terms
<b>2. Evidence</b>	Provide evidence of how conditions have been addressed
<b>3. Name of the Town Deal Board Chair &amp; signature</b>	Name of the Town Deal Board:
Chair's name and signature:	
Date:	
<b>4. Lead Local Authority's name &amp; signature of the Chief Executive Officer or S151 Officer.</b>	Name of the lead Local Authority:
Job title:	
Name and signature:	
Date:	

## **Annex: submission checklist**

Use this as guidance when submitting the Summary Documents.

<b>Items</b>	<b>Checked</b>	<b>Qty</b>
<b>first submission</b>		
1. Programme-level update	<input type="checkbox"/>	
2. Part 1: Project Summary Document	<input type="checkbox"/>	
3. Part 2: Town Investment Plan (TIP) conditions	<input type="checkbox"/>	
4. Final Monitoring & Evaluation (M&E) plan	<input type="checkbox"/>	
5. Any other documents	<input type="checkbox"/>	
<b>all other submissions</b>		
1. Programme-level update	<input type="checkbox"/>	
2. Part 1: Project Summary Document table	<input type="checkbox"/>	
3. Final M&E plan	<input type="checkbox"/>	
4. Any other documents	<input type="checkbox"/>	

# PROPORTIONALITY GUIDE

**You should consider the following questions and prompts to help guide the level of detail required for your business case. Ultimately, this is a question for your local assurance processes and your Town Deal Board.**

## GENERAL CONSIDERATIONS

Key questions to consider the level of detail and effort required for your business case as a whole include:

- Is your project large (smaller projects – e.g. <£1m – require less detail compared to larger projects – e.g. projects over £25m)?
- Is the project of regional or national significance?
- Is it a complex or innovative project?
- Is this the first time you have delivered a project of this kind?

If you answer ‘Yes’ to one or more of these questions, you will need to produce a more detailed business case.

**Ultimately, you should follow any guidance on the level of detail required for business cases based on your local assurance processes.**

For each of the five cases below, we set out key questions and considerations to help you gauge the level of detail required for your business case.

At the end of this document, you can use the [Proportionality Tool](#) to assess where each business case falls on the scale of these key questions, which should help you understand the level of detail required for your business case.

## STRATEGIC CASE

Key questions to consider the level of detail and effort required for your Strategic Case include:

- Is the project a key enabler for other projects or programmes? Is it part of a set of projects to achieve more transformational change?
- Is there a complex stakeholder or policy challenge which requires further evidence or articulation of wider strategic alignment?
- Does the project or its theory of change have any dependencies on other projects or activities?

## ECONOMIC CASE

Key questions to consider the level of detail and effort required for your Economic Case include:

- Is the project in any way high risk or/and new and novel? Are the benefits of this type of project well understood and is there evidence that they are likely to be achieved?
- Is the “Do something” well-articulated – or does it need further refinement? Are the scenarios easily defined?

- What is the level of certainty around the costs and benefits? Is the BCR or NPV calculation particularly sensitive to any of the variables or assumptions?
- Is there any interrelationship or complexity between costs, benefits etc.? For instance, prices or costs impacting on demand?
- Are the costs and benefits dependent on the commercial or financial deal?
- Are there any significant dis-benefits?
- Is the case dependent on significant benefits which are difficult to monetise?
- Is the project likely to have a different impact on different groups (e.g. age, income)?

## FINANCIAL CASE

Key questions to consider the level of detail and effort required for your Financial Case include:

- What are the various sources of co-funding and commitment levels, and are there key uncertainties around those?
- Are there any foreseen Capital or Revenue constraints?
- What are the key assumptions that will impact the financial viability and what sensitivities do you plan to run? Are there any key financial risks to the project?
- Has there been consideration of tax and accounting treatment with your local assurance owner / accounting buddy?

## COMMERCIAL CASE

Key questions to consider the level of detail and effort required for your Commercial Case include:

- What is the commercial strategy underpinning delivery of the project?
- Which party owns which risk and the basis for the risk allocation? To what extent is there opportunity for suppliers to bear risk? Where suppliers are able to take risk how will the pricing mechanism reward/penalise them?
- Does the project involve partnering with multiple bodies and, if so, how will agreements be negotiated?
- Does the scope of the project require specialist input and are there any specific challenges or risks?
- Is the market understood and is the project likely to result in competitive tender(s)?
- Are there any specific challenges in deciding the procurement route to market? To what extent can existing processes for procurement and contract management be used? Do you have experience with this type of procurement?
- To what extent can the project be delivered as a single package or are multiple packages required?
- Can social value be delivered through procurement?

## MANAGEMENT CASE

Key questions to consider the level of detail and effort required for your Management Case include:

- Does the accountable body have an existing and proven approach for the delivery of projects and how will that be applied to the delivery of the project?
- What is the scale and complexity of the project?
- What are the key risks, who are the owners and how will they be managed?
- Is this an innovative project and does the project sponsor have experience in delivering similar projects?
- How many organisations will be involved in the delivery of the project and have they worked together?

- Does this project require complex delivery arrangements and are the roles and responsibilities clear and agreed?
- To what extent is the project dependent on projects by others and how will interfaces be managed?
- How many stakeholders will need to be engaged during development and delivery stages and how will this be achieved?
- What is the basis for the workstreams/activities in the proposed delivery schedule and the confidence in achieving key milestones?
- To what extent are there existing processes and procedures for project controls and how will these be applied?
- Who requires to assured, about what, to what level of detail and to what extent can existing arrangements be adapted and used?
- Is benefits realisation dependent on other parties, behavioural change, or additional enablers such as training or programming?
- How many outcomes and outputs will need to be monitored, and is there an established method for monitoring the outcomes and outputs that have been identified?

## PROPORTIONALITY ASSESSMENT TOOL

	Less detail		More detail
<b>General</b>			
Project size and value	<£1m	↔	£25m+
Regional and national significance	Local	↔	Regional / national
Innovation	Low	↔	High
Experience delivering similar projects	High	↔	Low / no experience
<b>Strategic case</b>			
Enabler of other projects and transformational change	Local impact	↔	Transformational change
Stakeholder picture	Simple	↔	Complex
Key dependencies with other projects	No dependencies	↔	Strong dependencies
<b>Economic case</b>			
Risk and novelty of project	Low	↔	High
Scenario definition	Simple	↔	Complex, including Covid-19 impacts
Certainty around costs and benefits	High certainty	↔	Low certainty
Disbenefits	No disbenefits	↔	Potential Disbenefits
Monetising benefits	Easy to monetise	↔	Difficult to monetise
Distributional impacts across groups	simple impacts, less relevant to project	↔	Complex distributional impacts
<b>Financial case</b>			
Co-funding and uncertainties	Clear co-funding approach	↔	High uncertainty and complex co-funding
Capital and Revenue restraints	None	↔	Some
Financial viability and key financial risks	Low risks	↔	High financial risks
Tax and accounting treatment	Clear	↔	Complex, to be defined

	Less detail		More detail
<b>Commercial case</b>			
Number of parties	1	↔	>3
Procurement experience	Procured before	↔	Never procured
Risks and allocation	Clear and obvious	↔	Shared and need defining
Market assessment	Sufficient capacity	↔	Limited capacity
Procurement route	Framework	↔	Negotiated deal
Contract conditions	Standard, used before	↔	Modified, complex
Payment mechanisms	Cost reimbursement	↔	Target price
Incentives	None	↔	Pain / Gain
Assurance required	Minimal	↔	Independent
Value added	Minimal	↔	Multiple opportunities
<b>Management case</b>			
Technical complexity	Low	↔	High
Novelty	No novel aspects	↔	Little experience
Delivery risks	Few and manageable	↔	Many, likely, resource hungry
Dependencies	Few	↔	Many
Delivery model	Single body	↔	Multi-party
Project team	1-3	↔	>5
Project model	Single	↔	Part of a programme
Stakeholders	Passive management	↔	Active management
Assurance required	Minimal	↔	Independent
Benefits	Clear, concise, measurable	↔	Multi-faceted



# Stage 2 – Business Case Template

*Business Case template (optional) to be used by Towns as guidance for structuring their business cases*

**Version 4: 19 August 2021**

## VERSION CONTROL

Document version	Publication date	Description of changes	Modified by
1	8 <sup>th</sup> March 2021	First release of the <i>Stage 2 – Business Case Template</i>	TFDP
2	25 <sup>th</sup> March 2021	Updates to the Strategic Case, Financial and Commercial Cases to provide additional context and guidance for these cases	TFDP
3	24 <sup>th</sup> June 2021	Updates to the Economic Case with the new example summary table, as well as confirmation of the price year of economic costs and benefits (2021 prices).	TFDP
4	19 <sup>th</sup> August 2021	Updated with the revised Annex C – Summary Document template	TFDP

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Appendix 6- Contract procedure rules (HC Governance)	
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# BUSINESS CASE

## Maylord Orchards Redevelopment Library and Learning Resource Centre



# EXECUTIVE SUMMARY

## STRATEGIC CASE

This full business case supports the proposed relocation of the Hereford City Library from the museum on Broad Street, to within Maylord Orchards. The project will also include the development of a Learning and Resource Centre and café.

The purpose of the project is establish a new innovative and modern Library and Learning Resource Centre (LRC), creating a mixed development to support the regeneration of the city centre, and to improve the opportunities and wellbeing outcomes of the population through enhanced cultural facilities, whilst fulfilling the Council's statutory obligation to provide library facilities.

As reflected in the Hereford Town Investment Plan, town and city centres are changing as retail declines. In diversifying Hereford city centre, the proposed project will create a new cultural, educational, and wellbeing focused community hub in the heart of the city centre.

*'Libraries change lives for the better. They not only provide access to books and other literature but also help people to help themselves and improve their opportunities, bring people together, and provide practical support and guidance. As a locally accountable service, they are well-placed to respond to local needs and issues.'* Libraries Deliver: Ambition for Public Libraries in England, 2016-2021

## ECONOMIC CASE

Herefordshire faces some significant long term economic challenges, further impacted through Covid 19. In particular the visitor economy, none essential retail and cultural sectors were the worst impacted by Covid 19, having been required to close for many months during lockdowns.

Herefordshire has the lowest<sup>1</sup> county tier Gross Value Added (GVA) of any county in England and is the second lowest in the UK (second to our neighbor, Powys). Average weekly wages are 20% below the national average, 39% of residents have a NVQ level 4 or above qualification compared to a national average of 43%. 24% of the population are aged over 65<sup>2</sup>, and the county is a Higher Education and social mobility 'cold spot'. As younger generations reach higher education age, they have tended to move away to access university education, and we don't have the higher level jobs to attract them back.

Across the country physical retail has been in decline for some time, given an ever increasing shift to online buying of goods and services, which has been further exacerbated by Covid 19; prior to the pandemic, £1 of every £5 of retail spend had moved to online purchases. Although in terms of total retail sales, volumes decreased by 4.8% up to August 2020 as all sectors except for food and non-store retailing saw a fall in sales (ONS Great Britain Retail Sales August 2020).

The proposed project will support in addressing the above issues. The redeveloped Maylord Orchards site at the heart of the city will re-purpose a dated shopping centre into a mixed use facility, offering access to a modern library and related services. The Learning Resource Centre

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<sup>1</sup> [Mapping inequality in the UK \(ons.gov.uk\)](https://ons.gov.uk)

<sup>2</sup> [Economy & place - Understanding Herefordshire](#)

will provide local residents with access to Adult Learning Services, addressing skills gaps and enabling them to seek better higher value roles, leading to improved living standards. It will also provide a central city centre location for access to wellbeing support, health advice and other public services.

The project will deliver the following outputs:

Output	2023/24	2024/25	2025/26
Increase in capacity and accessibility to new and improved skills facilities	1		
Increase skills offer in response to local need	124	230	230
New upgraded or protected libraries	674.3 sqm		
Delivery of new public spaces	1		
Non-accredited Community Learning Number of learners	100	150	150
Accredited learning number of learners	24	30	30

The project will deliver the following outcomes:

- Perceptions of the place by residents/ visitors/ businesses
- Numbers of visitors to arts, heritage and cultural events and venues
- Numbers of new learners assisted

A bespoke economic model was created to calculate the Benefit Cost Ratio, BCR of the proposed intervention. The results are summarised below:

Value for money assessment (£M, discounted, 2021 prices)	Core scenario	Sensitivity test 1	Sensitivity test 2
		No Learner Benefits	Optimism Bias 24%
Economic benefits			
Increase in capacity and accessibility to new and improved skills facilities	£0.29	£0.29	£0.29

Increase skills offer in response to local need		£4.19	£4.19	£4.19
New upgraded or protected libraries				
Delivery of new public spaces		£5.32	£5.32	£5.32
Non-accredited Community Learning Number of learners		£1.34		£1.34
Accredited learning number of learners		£0.33		£0.33
Additionality Factor 0.65				
<b>Total economic benefits</b>	<b>(A)</b>	<b>£7.57</b>	<b>£6.47</b>	<b>£7.57</b>
<b>Economic costs</b>				
Towns Fund	(B)	£3.00	£3.00	£3.00
Optimism Bias	(C)	£0.36	£0.36	£0.72
<b>Total public sector</b>	<b>(D)=(B)+(C)</b>	<b>£3.36</b>	<b>£3.36</b>	<b>£3.72</b>
<b>Benefit Cost Ratio</b>	<b>(A) / (D)</b>	<b>2.3</b>	<b>1.9</b>	<b>2.0</b>

At 2.3 the Benefit Cost Ratio (BCR) represents very good value for money following HM Treasury norms.

## FINANCIAL CASE

The table below summarises the financial dynamics of the FBC:

**To please note that the council's cabinet are due to consider a decision paper on the 29<sup>th</sup> June recommending that the identified £500,000 required to complete the project (totaling £3.5m) will be funded by the council. The decision also recognises the need for additional revenue funding to meet the identified additional costs, which the council meet through a budget request in the Medium Term Financial Strategy. The decision can be found here [Issue details - Stronger Towns Projects Full Business Case Submission - Herefordshire Council](#)**

Capital Cost of Project		
Elements	Element Totals	Total
<b>Elements included in Mace Ltd Cost Plan</b>		
Facilitating Works	£ 60,000.00	
Construction Substructure	£ 171,750.00	
Construction Superstructure	£ 706,730.00	
Internal Finishes	£ 120,450.00	
Fittings, Furnishings and Equipment	£ 300,000.00	
Services	£ 413,532.00	
External Works	£ 40,000.00	
<b>Construction Cost Sub Total</b>		<b>£ 1,812,462.00</b>
Main Contractors Preliminaries	£ 308,119.00	
Main Contractors OH&P	£ 14,841.00	
Inflation to Mid Point Construction	£ 204,212.00	
<b>Prelims, Contractors OHP and Inflation Sub Total of</b>		<b>£ 660,771.00</b>
Project / Design Team Fees	£ 533,269.00	
Project Contingency	£ 300,650.00	
<b>Mace Ltd Sub Total</b>		<b>£ 833,919.00</b>
<b>Mace RIBA Stage Costings Total</b>		<b>£ 3,307,153.00</b>
<b>Elements not included in Mace Ltd Cost Plan</b>		
Procurement costs 0.3%	£ 5,437.38	
PMO Cost	£ 140,000.00	
Planning Cost	£ 1,500.00	
Income Generation Report	£ 4,777.50	
<b>Additional Cost not included in Mace Cost Sub Total</b>		<b>£ 151,714.88</b>
<b>Total</b>		<b>£ 3,458,867.88</b>

The table below summarises the funding streams for the project.

Below sets out the funding which has been agreed to date. Herefordshire Council is currently progressing a governance decision to approve additional funding required for the project. This process will ensure that any costs are underwritten, but will not conclude until July 2022.

Funding streams (Indicate revenue or capital funding requirement) Or Grant funding that may be sought?	2021/22	2022/23	2023/24	Future Years	Total
Town Investment Fund (capital)	£150,000	£550,000	£2,300,000	£0	<b>£3,000,000</b>
Herefordshire Council			£500,000		<b>£500,000</b>
<b>TOTAL</b>	£150,000	£550,000	£2,800,000	£0	<b>£3,500,000</b>

### Financial year forecast

Financial Year Forecast Costings	2022/23	2023/24	2024/25	Future Years	Total
	£1,018,000	£2,481,109			<b>£3,500,000</b>

The below table summarises the revenue income and expenditure for the Library and Learning Resource Centre:

<b>Revenue budget implications</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Future Years</b>
<i>Service Charge, Insurance, rates (expenditure) (excluding café)*</i>			£29,382	£58,765
<i>Library Operation (staff costs)</i>			£145,181	£248,882
<b>Total Expenditure</b>			<b>£174,563</b>	<b>£307,647</b>
<i>Indicative Café (10% turnover)</i>			£5500	£11,000
<i>Indicative Meeting / Training Room (income)</i>			£27,150	£54,300
<b>Total Income</b>			<b>£32,650</b>	<b>£89,860</b>

## COMMERCIAL CASE

An income generation study has been completed by an external professional consultant (Take the Current) on the Library and Learning Resource Centre redesign.

The redesigned library will provide an enhanced and innovative facility for all ages across the county and through the reach of the building. Through outreach services and online opportunities, the service will offer a significant reach into the communities. Although the services are non-chargeable, the increased footfall into the City will have an economic impact.

The new Learning Resource Centre offers the opportunity to rent space for a range of activities including workshops, learning experiences, office space in the centre of the City, wellbeing initiatives and health clinics. The multi-functional space will be chargeable with financial projections showing the cost of the business rates, service charge and insurance will be covered by the income received. Part of the delivery model will be for the Council's Adult Learning Services to utilise the space within its core offer of service, re-locating the educational programmes being delivered to this space.

The café will offer a social space attached to the library and will be available to all users and visitors to this area, however the current footfall is low. A high street café operator is likely to give commission c. 5% however it is noted that other companies are willing to pay 10% of turnover as a rent. This would give an income stream of £11k with 3% conversion on footfall<sup>3</sup>.

## MANAGEMENT CASE

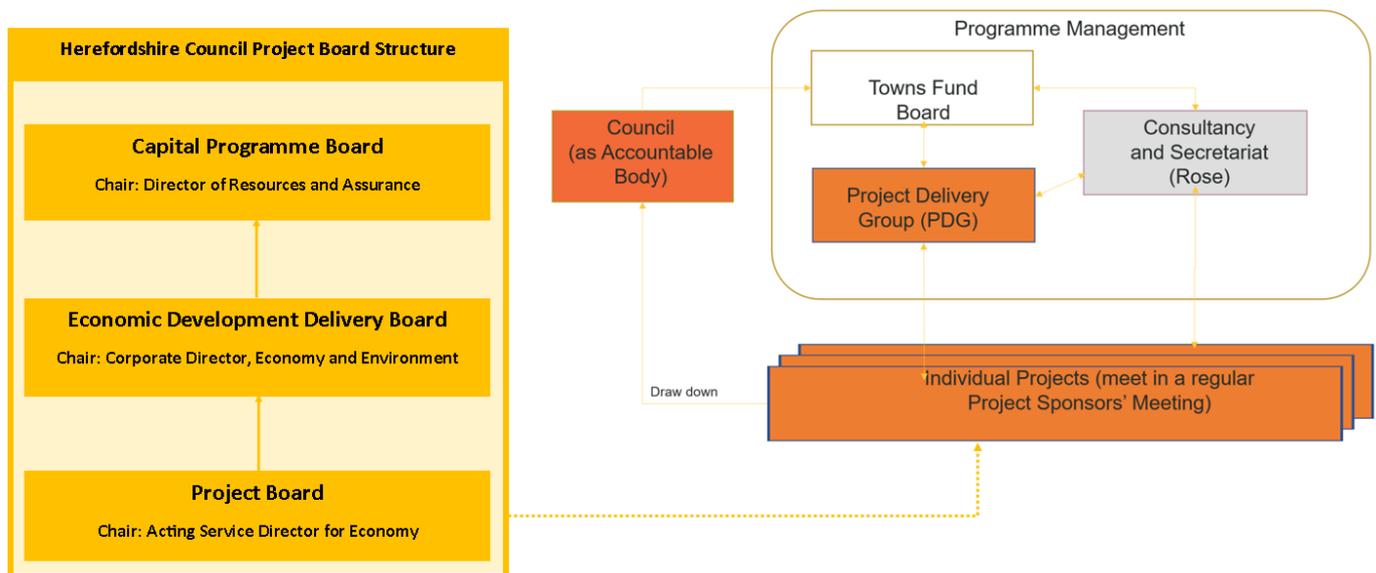
The following governance arrangements are in place for the Library and Learning Resource Centre project:

1. HMAG & Maylords Project Board
2. Economic Development Delivery Board
3. Hereford Towns Board

<sup>3</sup> Take the Current Income Generation Report

#### 4. Herefordshire Council 151 Officer/ Accountable Body

1. **Project Board** to direct, develop, oversee and make recommendations for the project. Accountable for the delivery of the project, ensuring the project meets its strategic purpose, delivering high quality value for money outcomes for the Council and follows the Council's applied Governance model for project management.
2. **Delivery Board** the purpose of the Delivery Board is to provide a regular oversight, decision and recommendation making forum for projects that are being delivered through this Board. The Board is accountable for the delivery of Council projects (under the Board's remit), ensuring the projects meet their strategic purpose, delivering high quality value for money outcomes for the council that follows the Council's applied Governance model for project management.
3. **Hereford Town Board** is establishing a Programme Management Office with responsibility for Monitoring and Evaluation of the delivery of all Hereford Town Deal projects, including the delivery of the Library and Learning Resource Centre refurbishment.
4. **Herefordshire Council 151 Officer** will report to HM Government every six months on the Hereford Museum and Art Gallery project service delivery as stipulated in the Town Fund guidance.



The project is managed by Herefordshire Council's project management office (PMO). The project manager is expected to maintain all documentation and report regularly using highlight reports to the Senior Responsible Officer, Project Board and Delivery Board as required. Individual Project Boards report into Delivery Boards who are in turn monitored by the Assurance Board. The Capital Programme Board represents the highest level of officer involvement and accountability; allocating feasibility funding and having oversight of all projects.

# INTRODUCTION

Herefordshire Council will deliver a new innovative and modern Library and Learning Resource Centre (LRC), creating a mixed development to support the regeneration of the city centre, and to improve the opportunities and wellbeing outcomes of the population through enhanced cultural and learning facilities. The aim is to improve the quality of life for local people, to create the infrastructure required to support the development of critical skills in the county, addressing the gap identified in the Town Investment Plan, and create an 'attractor' to bring people into the city centre, which will support in delivery of the Council's County Plan.

The Council aims to develop an efficient service that makes the best use of the assets available in order to meet its core objectives and visions, whilst recognising the constraints on resources. By integrating services and opportunities, Maylord Orchards will provide a multi-agency destination for learning, encouraging literacy, access to advice, information, and IT, supporting more people in the community to fulfill their potential in an inclusive and accessible environment.

The existing library is located in Broad Street within a building also housing the Hereford Museum and Art Gallery. As the owners of Maylord Orchards, it is the intention of Herefordshire Council to relocate the library, to redesign the available space to provide a LRC and café within the Maylord Centre allowing the existing Broad Street building to provide a dedicated and enhanced facility for Herefordshire Museum Service.

## **The Library Service**

Since its inception, the Hereford library has endeavoured to support reading, learning and research, with the provision of information across the county. Herefordshire has 11 libraries across the county with a mixture of staff and volunteer led operations and also has a library van that visits communities and schools.

Hereford library has historically been the busiest library in the county and its book stock is key to supporting the other library sites in the county, and to giving the widest possible access to stock; service users can request items from other libraries free of charge. The service and building has not undergone major renovations for a significant amount of time and in its current state is not offering the wealth of opportunities that could be provided from a remodelled, redesigned and repurposed building.

The library service delivers a range of services from the current site at Broad Street in Hereford. These include but are not limited to:

A wide selection of books including new books. This is a statutory obligation under the Public Libraries and Museums Act (1964) which states: '...a library authority shall in particular have regard to the desirability...of securing, by the keeping of adequate stocks, by arrangement with other library authorities, and by any other appropriate means, that facilities are available for the borrowing of, or reference to, books and other printed matter... sufficient in number, range and quality to meet the general requirements and any special requirements both of adults and children'

Libraries are trusted by the public and have extremely high levels of satisfaction and confidence. In recent years they have been threatened by reductions in expenditure which has required their role and significance to be questioned by some and emphasised as crucial by

others. Unlike other public facing 'services' libraries have not traditionally marketed themselves in the same ways as local authority museums, leisure centres and art galleries have done. It is clear that those libraries with a budget for marketing have been able to transform their reputations and their use by the public e.g. Gloucester and Worcester. For those libraries without a communications facility they can become unseen, misunderstood and unrecognised for the skill and service they deliver.

Although books have become increasingly more available to many there are still large sections of the population who cannot easily buy books or have no digital access or the means to buy eBooks or audio books. For those with additional needs, less socially confident, or having low incomes, a "free at the point of use" library service is crucial. The world of information may be increasingly digital, but we remain very much physical beings. The development of eBooks, once thought to be the death knell for physical books has in fact increased reading and engagement with physical books amongst all ages. And the physical book remains the first entry point for toddlers and pre-schoolers when the early development of a reading habit is so important. In fact with the abundance of information we need better filtering systems. In a world of information overload, people need assistance to distinguish between what is worthwhile for them and what is not so that they can get directly to the well-founded information resources they need. This is something which librarians are ideally placed to do.

The 2015 BOP Consulting report on reading for pleasure and empowerment describes how recreational reading events (e.g. book groups, school and library events) are linked to enhanced social skills, decreased loneliness, and engagement in an aesthetic process. It also notes that reading improves not only vocabulary and spelling in young people but also has a beneficial impact on mathematics. It has a more beneficial impact than having a parent with a degree in terms of the attainment of young people. There are countless studies and papers proving the benefits of reading for society; better communication, self-expression, self-esteem, motivation to learn and relatedness, to name a few.

For adults with additional needs, reading has proven to help reduce depressive symptoms, reduced/delayed onset of the symptoms of dementia and increased health literacy. Libraries are often at the heart of initiatives designed to encourage readers with specific groups or in particular communities e.g. migrant communities. However, the number of people using public libraries has decreased over the last decade which has caused a number of papers investigating and imagining the future for libraries. With the short-sighted closures have also come the huge investment in putting libraries at the centre of towns in beautifully designed buildings, radically changing the 'user experience' and offering a number of different culture and arts activities, events and workshops and not losing sight of the core purpose of a library and who it best serves. Using the book, and the ability to read and write, as a jumping point for discovery, enjoyment, connectedness, learning and self-improvement.

### **The Learning Resource Centre (LRC)**

This facility will provide rentable space for a range of services including for the councils Adult Learning Service (ALS), meeting rooms, business facilities, and health and wellbeing clinics. It is in the vicinity of the library in Maylord Orchards, but not physically connected to the library. It will have two flexible rentable spaces; one of which can be split in to two smaller rooms, creating a third flexible rentable space.

The rentable space will be for multiple usage and will include the Council's ALS team which has a strategic aim to engage with local people who are least likely to participate in learning and enable them to access a range of high quality learning opportunities. This will enable

participants to lead more independent lives, support their families, gain a qualification, get a job, volunteer and become less socially isolated.

Identified strategic objectives are to:

- Focus Adult and Community Learning funding on people who are disadvantaged and least likely to participate in learning; including people on low incomes, those with low skills and those furthest away from the labour market.
- Contribute to a wide range of outcomes for individuals and the wider community including personal and social, educational attainment, economic regeneration, and improved health and wellbeing. Supporting adults back into learning, training and employment, through community outreach provision delivered at local venues. In order to achieve the above, the service will widen adult participation in learning through a targeted approach, promoting equality and diversity and improving access to learning for particular under-represented groups and those who have not been engaged in learning for a significant period of time.

In particular the service will continue to work with those people who are:

- unemployed;
- residents with learning difficulties and/or disabilities;
- mental health service users and adults with mild to moderate mental health problems;
- homeless, or in danger of becoming homeless, or living in sheltered accommodation;
- carers of people with learning difficulties and/or disabilities, including mental health issues;
- care leavers;
- yet to achieve a prior level of attainment at full level 2 qualification;
- yet to achieve level 2 in English and Maths;
- families, where parent/carers, have basic English and Maths needs or who have not reached level 2, where there is a single parent or families with complex needs;
- wishing to improve their parenting skills;
- from areas identified as local areas of deprivation;
- earn less than £16,009.50 annual gross salary;
- digitally excluded (unable to access ICT based services or opportunities due to having little or no knowledge of ICT);
- Refugee or Asylum Seeker status;
- ex-Armed Forces personnel.

Currently as the council has no learning centre of its own, delivery is through community facilities and by subcontractors. However, the new facility will allow a move towards either direct delivery or a hybrid model.

As well as supporting the ALS, the facility will provide space for health and wellbeing clinics which provides an opportunity to reach our most vulnerable groups that will be accessing the library and ALS, as well as providing a central location in the City Centre. Providing health on the high street and within this facility supports the national direction for the NHS service.

The NHS is seeking to reset its services and priorities in light of Covid 19, with an increasing recognition of the role it could have in wider community issues, such as influencing the social determinants of health and building sustainable communities.

The nature of the Covid 19 pandemic can act as a timely opportunity to radically re-think which NHS services could be more effectively and appropriately delivered in communities. This can be done in ways that make our high streets more economically and socially sustainable and the services themselves more accessible.

There are immediate opportunities for the NHS to become directly involved in the high street policy agenda, including:

- running health services from vacant property, including vaccination programmes
- broadening the range of services provided within communities
- supporting and participating in the design of healthy communities and places

**Café**

A space designated for a café (46m2) will be adjacent and connected to the library, with frontage and an entrance from Trinity Square, where there is a further approximately 25m2 for external seating. Toilets are available within the shopping centre at the back of the library. There are a number of ways of operating the café and the current café has recently opened which is a charity along with being a local authority initiative driven Talk Community hub. The proposal is for visitors to the centre to utilise the café whilst spending time in the library and being the hub of the centre.

**Existing Floor Plans:**



**Proposed Floor Plans:**



## **Maylord Orchards**

The centre currently houses a number of retailers which will remain and whose spaces must remain unaffected. The available space for the library was identified during the RIBA Stage 1 with proposals developed in the Feasibility Report that allowed the library to function within these spaces. Whilst the space was identified, the division of space internally needed to be further developed in Stage 2, with the extent that the atrium could be incorporated into the space and therefore the extent of the library footprint being a part of this review.

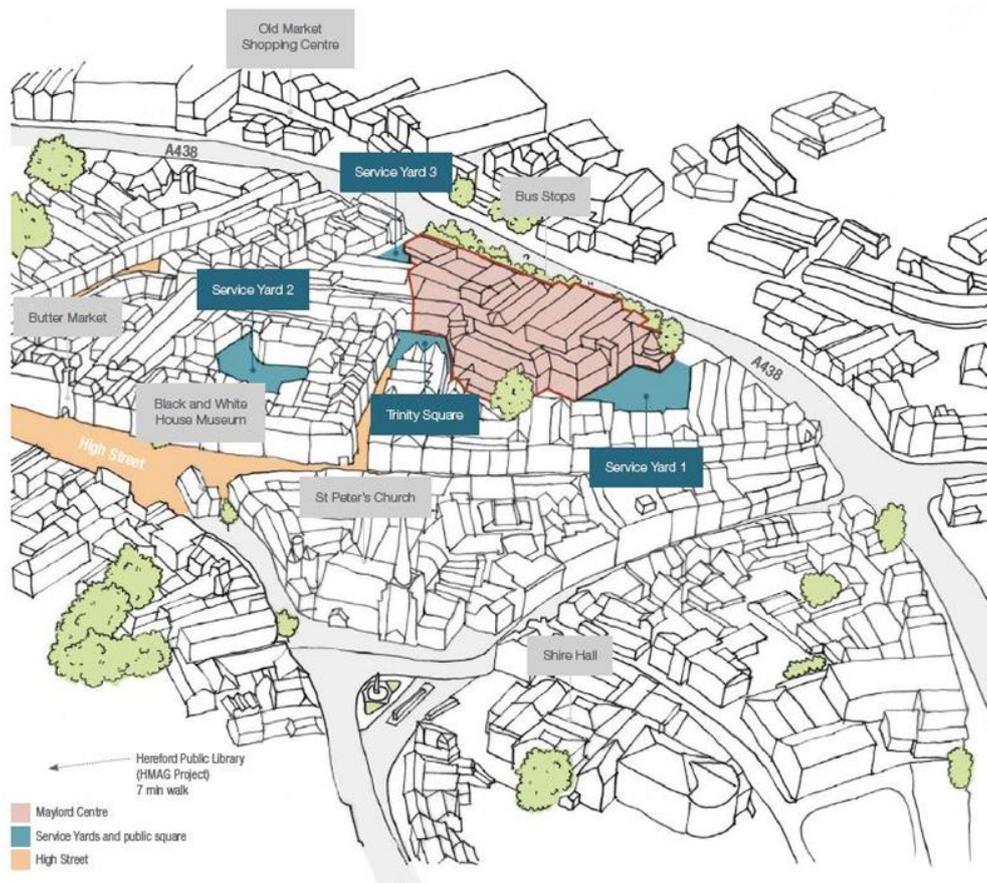
Maylord Orchards is a strategically significant site (145,000 sq. ft.) located at the heart of Hereford city centre. The council secured control of the site in June 2020 to enable its redevelopment to support the regeneration and the diversification of the city centre as a whole. Across the country all city centres are evolving, reflecting the changing nature of retail with increasing online sales and a decline in the physical presence of large box retailers.



The previous leasehold owners had stopped investing in the site, there were an increasing number of empty retail units, and through seeking to sell their interest there was a risk any new owner would potentially look to asset strip (taking the value out of remaining leases without reinvesting / proactively seeking new tenants) a key location at the heart of the city centre. Through gaining control of the site the council's intention it is to create a new mixed use purpose, ensuring city centre's long term viability - creating a vibrant dynamic focal point to the city, maximising the social value benefits for local communities whilst creating a new purpose for people to visit the city centre.

The impacts of the Covid 19 pandemic has further accelerated the decline of larger national brand retailer in city centres, with many national and local retailers closing stores. This has further enhanced the need for urgent action to re-purpose and regenerate Hereford city centre as the local economy seeks to recover from the economic crisis as soon as possible.

As demonstrated in the picture below the Maylord Orchards site is a very significant footprint at the heart of Hereford. The re-purposing of the site will be to the benefit of the city centre as a whole.



The proposed development of a new library and LRC in Mayford Orchards will create a new mixed use of health, wellbeing, cultural and learning purpose at the heart of the city centre, diversifying the shopping centres offer and moving away from a dependence solely on retail. The creation of the new library and LRC (alongside other Towns Fund projects) will attract people to return to / visit the city centre as a whole as leisure, health / wellbeing, access to public services and education become an increasingly important part of the city's future.

As well as enabling the physical regeneration of the city centre, the LRC will also support local residents to recover from the impacts of Covid 19. The LRC will provide access to opportunities to access local training and support as people look to re-skill and potentially seek new employment opportunities post the pandemic

# STRATEGIC CASE

# STRATEGIC CASE

## INTRODUCTION

This element of the FBC positions the development of the Library and Learning Resource Centre within the strategic context of the development of the cultural, community, leisure and tourism infrastructure in Hereford.

***‘Libraries change lives for the better. They not only provide access to books and other literature but also help people to help themselves and improve their opportunities, bring people together, and provide practical support and guidance. As a locally accountable service, they are well-placed to respond to local needs and issues.’ Libraries Deliver: Ambition for Public Libraries in England, 2016-2021***

The purpose of the library service is to promote wellbeing and enrich lives for people through different stages of their life. Libraries are ideally placed to be safe places that the community feel comfortable using, which have no barriers to age, background or income level. The range of services provided are particularly relevant to children at the foundation of their learning and for people of different ages that want to feel connected to others and their community. Libraries are also resource centres with access to technology and advice, often shared with other support services, and used by voluntary groups for community activity.

There are four key principles influencing the delivery of the library service:

- Provide and enable a free core library service across Herefordshire, supporting social interaction and reducing isolation.
- For centres to provide shared spaces as part of the community life of an area, fostering local regeneration and local identity.
- Promote reading for all ages and access to books, in supporting learning and discovery.
- Work with the community to provide the level of library service they want through support of community-run libraries and volunteering.

The Hereford Town Investment Plan identifies a number of issues that the proposed project will seek to address through the provision of educational facilities at the heart of the city centre *‘there are 15% fewer workers qualified to NVQ level 4 and above than the national average. At a county level, wages earned in Hereford make up 44% of all incomes, with the county average salary almost exactly £100 per week lower than the national average [23]. Hereford scores lower than the England median in relation to income, education and living environment domains within the English Indices of Deprivation 2019[24]. Herefordshire is a cold spot for social mobility; it is one of the worst 20% of local authorities in England in terms of school achievement for disadvantaged children who go on to get a good job and secure housing’*

*The Investment Plan states The cluster of assets at the heart of the city (Maylord, Cathedral Close etc) currently controlled by the City Council, Herefordshire Council and the Diocese represents significant collaborative potential to repurpose the city centre’.*

Therefore the proposed project directly addresses some of the key issues identified in the Town Investment Plan, enabling the wider regeneration of the city centre.

## CASE FOR CHANGE

Old ways of working are being challenged and new models of service delivery are being developed, that is the strategic position from Government on future library and learning services.

There has never been so much change and innovation across national library services. Alongside this, many library services are seeing the enormous benefits that technological and digital innovation can bring – giving them opportunities to offer new services, bring in new customers and extend their reach into communities.

Public libraries are funded to provide a unique ‘cradle-to-grave’ service. Through their buildings, outreach activities and online digital services, they are being seen increasingly as community hubs – bringing people together and giving them access to a greater breadth and depth of services and support and operating as a gateway to physical and digital information; from public health to adult learning, school readiness to employment, and a broad range of business, community and cultural services. But libraries face significant challenges as almost every aspect of modern life continues to change rapidly. People’s experience and expectations around living, learning, shopping, leisure and entertainment are radically different to those which existed a decade before. And like all public services, libraries have to adapt accordingly – continually developing their offer and responding to changing needs and circumstances.

Libraries reach and support the whole community regardless of age, gender, socio economic status or educational attainment, and they – and the people who work in them – can also support other public services to achieve the outcomes needed for individuals and communities to flourish.

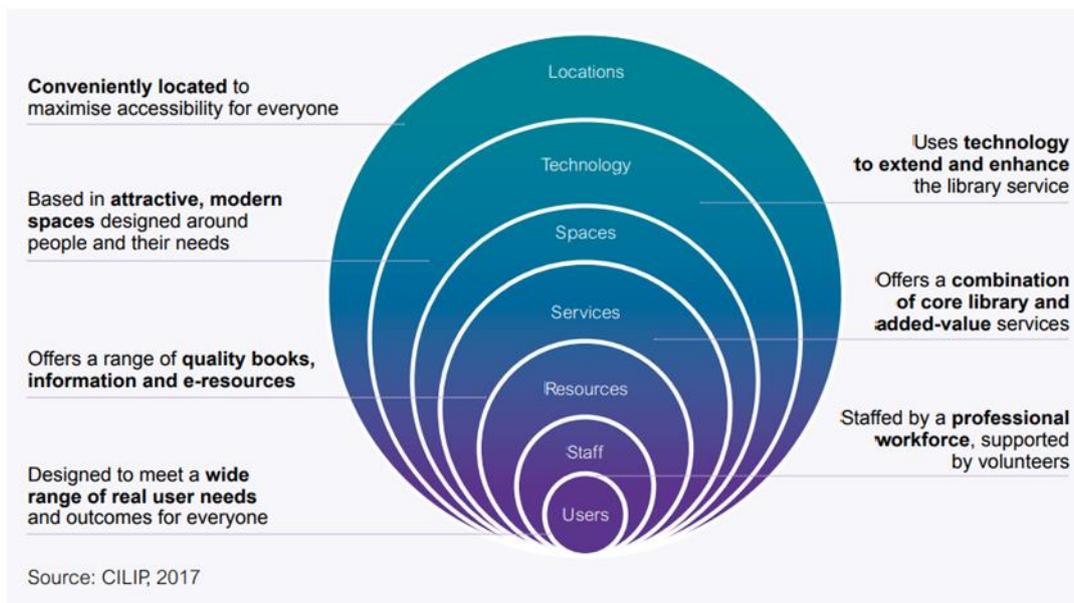
The National Libraries Taskforce has specifically identified seven outcomes that libraries contribute to in their ‘Libraries Deliver: Ambition for Public Libraries in England:’

- cultural and creative enrichment
- increased reading and literacy
- improved digital access and literacy
- helping everyone achieve their full potential
- healthier and happier lives
- greater prosperity
- stronger, more resilient communities

The Public Libraries and Museum Act 1964 places a statutory duty on councils to provide a ‘comprehensive and efficient’ library service for all people working, living or studying in the area who want to make use of it. This has never been formally defined, in order to allow local areas to design services that best meet their unique local circumstances and needs.

CILIP – The Library and Information Association have developed the diagram below which builds on the seven outcomes highlighted above with identifying that public libraries are perfectly placed to deliver through staffing, building, location, accessibility and resources available making them ideal as ‘community hubs’ delivering core and added-value services:

**Diagram 1: Visualising the library of the future**



The best libraries offer far more than their original role of making books and other published material available. A multitude of on-site resources including books, e-books and magazines, job-seeking assistance, computer stations, free Wi-Fi tech-hubs, refreshments, meeting rooms, community spaces and safe spaces for groups of all ages are provided.

As social places, libraries offer much-needed public spaces helping with the social outcomes of companionship for older adults, club-space for a variety of groups, de facto childcare for busy parents, language assistance for those in need and welcoming public spaces for the poor, the lonely and the young. They have proved their resilience as social institutions funded by local authorities in the UK for over 150 years and can serve – along with museums – as important places to foster positive mental health and social well-being. Research in the US has demonstrated that libraries remain highly trusted places in a world grappling with fake news and deliberate fabrication. As such, a design which offers open, easy access, a variety of spaces and free-to-use services over long opening hours, all within a safe and welcoming environment, is key. In this way, the modern library can supplement other activities in a town centre location, such as that proposed in Hereford.

The current library situated with the Museum and Art Gallery in the city centre is within a Grade 2 listed building where limited investment has been made over many years. Although the library has space for activities the current building has a number of areas that are inaccessible due to dilapidation, and the environment does not meet the future vision of the service. The building is also subject to proposed changes for an innovative and progressive Museum and Art Gallery project also through Stronger Towns and other funding sources.

Hereford library as with other public facing activities was greatly impacted by the pandemic. The table below shows that the number of visits fell by 55% comparing the 2019/20 with the past year. The number of active borrowers fell by 27%, new members fell by 26% and computers sessions were less than a quarter what they were in 2019/20.

Year	Visits	Issues	New Members	Public Computer Sessions
21/22	65,390	100,819	1898	3146
19/20	144,410	142,138	2570	13590

Hereford library consistently falls short of recommendations in terms of book stock compared to similar sized settlements. For the catchment area it services, Hereford library should have around 20% more book stock than it currently has. There is a need for a flexible space which can be used for a variety of events and activities and this would need to be able to facilitate performances, rhyme times etc which sufficient room for audiences plus pushchairs etc.

- Space for a children’s library including sufficient space to accommodate pushchairs etc
- Sufficient space to facilitate school class and early years setting visits
- The facility and space to deliver services and advice sessions with community partners such as Healthy Lifestyles and other health and NHS providers as well as for small exhibitions and displays and the facility for consultation opportunities
- Study space (appropriate tables and chairs) as well as comfy seating
- Fast and robust wi-fi
- Public access



There is no doubt that these are challenging times for councils and the library services we run are no exception. The way people use libraries, together with their expectations of public services are changing. The structures on public finances are being compounded by demographic changes and increasingly speedy technological advances by the private sector. Hence, standing still is not an option.

The social commentator Richard Watson suggested that: “their future is one of being gathering places where people exchange knowledge, wisdom, insight and, most importantly of all, human dignity”. He went on to say that: “a good public library is a showroom for culture and learning. It’s a place that celebrates creativity, encourages exploration and discovery, helps people to work productively, and provides community engagement and empowerment”. The library of the 21<sup>st</sup> century is thus one where people meet, maybe browse through a book or a newspaper. As a locally-accountable service, libraries are well-placed to respond to local needs and issues. Libraries can therefore have a critical role in helping people to realise their potential, especially those from disadvantaged backgrounds.

The most recent Libraries All Party Parliamentary Group (APPG) report (2021) concluded that: “Common ground (in the Group) was most clear when it came to the likely form of a future library. The panel converged towards the concept of a library, not as a place, but as a platform. The most vivid of these came from Richard Heseltine who said: “compare a library to a smartphone. A smartphone is a platform on which a personalised collection of apps is assembled. The task of the librarian is to create a platform on which different apps are assembled to meet the needs of specific groups or communities, but some will be common to all libraries.

The café and the LRC also provide an alternative option and mixture to the use of the building which compliments the future of the library facility and building redesign. Local authorities have a particularly important role to play in developing and embedding health on the high street principles. The NHS is well placed to work to assist in developing an approach that better understands the social and economic potential of health, as well as strengthening the role of communities in decision making, and ownership and use of high street spaces.

This proposal provides the opportunity to revitalise the Maylord Orchards Centre into an innovative, sustainable community cultural hub in the city centre, meeting the objectives and description above.

## **POLICY ALIGNMENT**

### **Town Investment Plan**

As above, the Town Investment Plan identifies the redevelopment of Maylord Orchards creating a new modern library and learning centre as an opportunity to regenerate the city centre, and address issues in terms of skills gaps/ access to public services. The Town Investment Plan states '*The cluster of assets at the heart of the city (Maylord, Cathedral Close etc) currently controlled by the City Council, Herefordshire Council and the Diocese represents significant collaborative potential to repurpose the city centre*'

### **Levelling Up the United Kingdom**

The project will directly deliver the following Levelling Up White Paper missions:

- By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing. – *Enhancing Hereford as a city to live, work, study, and visit. Offering access to learning, well-being and public services at the heart of the city.*
- By 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing. – *Providing a new public facility for local people, improving education, and enabling access to culture.*
- By 2030, pride in place, such as people's satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between the top performing and other areas closing. – *Regenerating the city centre creating a new modern library and learning resource centre.*

### **National and Regional**

The proposed project will deliver the governments 'Build Back Better Strategy: our plan for growth', specifically 'Regenerate struggling towns in all parts of the UK via the UK Shared Prosperity Fund and the UK-wide Levelling Up Fund'. Government have reviewed the Hereford Town Investment Plan and relate projects, selecting those to go forward which meet their national priorities.

The new Skills and Post-16 Education Act (2022) will help transform the skills and training landscape and level up opportunities across the country. The legislation will help economic recovery and growth by making it easier for people to get the skills they need to secure well-paid jobs in industries with skills gaps, such as health and social care, engineering, digital, clean energy and manufacturing. The Act underpins the government's transformation of post-16

education and skills as set out in the [Skills for Jobs White Paper](#) (Link) and will help level up and drive growth across the whole country.

The LRC will support the delivery of the government's ambitions set out in the Skills for Jobs White Paper underpinned by The Skills and Post-16 Education Act (2022). Specifically:

- Making sure people can access training and learning flexibly throughout their lives and are well-informed about what is on offer through great careers support
- ensure everyone has access to education and training that will help them to get a great job
- Continue to support participation in english, maths, and digital training to meet employer's needs and support people to progress in employment or further study

The project will deliver the following Marches Strategic Economic Plan 2019 priorities:

- A growing place, attracting more people to come, stay and build their careers and businesses.
- A destination not a boundary - gateway to markets in the Midlands, Wales, South West, North and Europe. A visitor destination with significant natural and cultural resources that is well known and attracts people looking for a high-quality experience.
- An inclusive place that enables residents from all communities to thrive and develop with quality jobs offering good wages, training and progression.

The project will also deliver the following priority with the draft Marches Local Industrial Strategy: 'Place – develop prosperous and resilient places for people to live, work and visit, and for businesses to succeed by improving infrastructure, delivering the Opportunity Towns Programme, developing a campaign to attract people to the Marches, and developing a coordinated Visitor Economy Strategy'.

The project delivers The Public Libraries and Museums Act 1964. In providing this service, councils must, among other things: encourage both adults and children to make full use of the library service and lend books and other printed material free of charge for those who live, work or study in the area.

The project supports Healthy High Streets: Good Place-Making in an Urban Setting. When designed and resourced well, high streets can help activate communities to build better social, environmental and economic capital: the building blocks to better health outcomes. Local decision makers, particularly built environment professionals, town managers and public health professionals, can support this. High streets provide professionals with an existing community asset with which to impact positively on the health of local residents, improving health outcomes and contributing to reducing health inequalities.

Link: [Marches LEP](#)

The Marches LEP Skills Advisory Panel, of which we are a member, provides local leadership by increasing understanding of our labour market and skills issues, driving engagement with employers and liaison with training providers. It has developed a Local Skills Report in 2021. This set out local strengths and skills needs, in line with the Marches Strategic Economic Plan and included an action plan detailing how the Marches SAP proposed to address its key priorities.

The Marches Local Skills Report has been updated in January 2022 to reflect progress made by partners, to ensure alignment with the Marches Economic Recovery Plan and to take account of the changing policy landscape. The LRC will contribute to the delivery of the priorities in the

Skills Report: Delivering responsive demand led-provision: Tackling barriers to participation: harnessing our ageing workforce; Inspiring young people

## Local

County Plan 2020 to 2024 – A priority of the County Plan 2020 to 2024 is to ‘Use council land to create economic opportunities and bring higher paid jobs to the county’, and to ‘Invest in education and the skills needed by employers’. The County Plan also states ‘We will work with partners to maximise the Stronger Towns Fund grant (up to £25m) awarded to Hereford and to support investment programmes across all our market towns’.

The project supports the ambitions as detailed within Herefordshire Council’s Delivery Plan priorities, specifically:

**EC2.1** - Work with partners to develop and implement a £25m Town Investment Plan for Hereford, to be funded through the Stronger Towns Fund

**EC2.5** - Develop Maylord Orchards as a key strategic site; acting as a catalyst for the regeneration of Hereford City Centre

**EC3.** - Work with partners to expand our adult and community learning programme, with a particular focus on those at risk of long term unemployment, and young people at risk of not being in education, training or employment. Supporting objective EC3 Work with partners to increase the Skills and Workforce in the county (delivery plan 2022/23)

**Hereford Town Investment Plan** – the proposed project has been identified as a priority in the Town Investment Plan within the ‘cultural assets package’, which was considered by government and included in their £22.4m award to the city announced on the 8th June 2021. The Town Investment Plan states the project ‘*will deliver the following Towns Fund Intervention Framework outcomes: 1. New, upgraded or protected community centres, sports or athletics facilities, museums, arts venues, theatres, libraries, film facilities, prominent landmarks or historical buildings, parks or gardens 2. Delivery of quality residential or commercial space in key locations (town centres, gateway areas, employment sites) 3. Delivery of new public spaces*’.

Link: [Adult and community learning plan 2019-22 \(herefordshire.gov.uk\)](https://www.herefordshire.gov.uk/adult-and-community-learning-plan-2019-22)

This plan identifies the key priorities for Herefordshire Council’s Adult and Community Learning Service (ACLS) to achieve its strategic and organisational aims for the academic years 2019-22. The plan covers the funding received from the Education and Skills Funding Agency (ESFA) annually to deliver Community Learning and Adult Skills Learning opportunities to Herefordshire residents aged 19 and over.

Adult and community learning programmes contribute to the ambitions of the Herefordshire Children and Young People’s Partnership plan 2019-2024 by:

- Targeting resources and supporting vulnerable people aged 19 and over into learning including care leavers
- Improving the emotional and mental health and wellbeing of adults including parents and carers
- Achieving success in life, learning and future employment e.g. family learning, english, maths and employability programmes

'The Mendoza Review: an independent review of museums in England' - GOV.UK ([www.gov.uk](http://www.gov.uk)) 2017, was undertaken in response to the Department for Digital, Culture Media & Sport (DCMS) Culture White Paper in 2016, which called for "a wide-ranging review of national, local and regional museums, working closely with Arts Council England (ACE) and the Heritage Lottery Fund (HLF)". It looks at what the national infrastructure for museums is and what it could and should be; the museums sponsored directly by government; and the challenges and opportunities for all of England's museums. It makes recommendations across the following areas:

- Adapting to today's funding environment
- Growing and diversifying audiences
- Dynamic collection curation and management
- Contributing to place making and local priorities
- Delivering cultural education
- Working in museums: Developing leaders with appropriate skills & Diversifying the workforce
- Digital capacity and innovation
- Working international

These recommendations are embedded within the Arts Council England Strategy 2020-30 which has three stated outcomes:

- **CREATIVE PEOPLE** Everyone can develop and express creativity throughout their life
- **CULTURAL COMMUNITIES** Villages, towns and cities thrive through a collaborative approach to culture
- **A CREATIVE & CULTURAL COUNTRY** England's cultural sector is innovative, collaborative and international

To be achieved through four investment principles:

- **AMBITION & QUALITY** Cultural organisations are ambitious and committed to improving the quality of their work
- **DYNAMISM** Cultural organisations are dynamic and able to respond to the challenges of the next decade
- **INCLUSIVITY & RELEVANCE** England's diversity is fully reflected in the organisations and individuals that we support and in the culture they produce
- **ENVIRONMENTAL RESPONSIBILITY** Cultural organisations lead the way in their approach to environmental responsibility

ACE highlight their organisational aspirations for the period of the plan:

- Creating opportunities for children and young people to reach their creative potential and to access the highest quality cultural experiences
- We will support our cultural organisations to present the best of world culture, to excite and inspire audiences

The project supports the aims and recommendations of the DCMS Mendoza Review and the ACE 10 year plan.

### **Herefordshire Cultural Partnership**

Herefordshire Cultural Partnership is a dynamic consortium of arts, culture and heritage groups, local government and businesses with a shared vision.

### Our Vision:

For Herefordshire to be internationally recognised as a beacon for inspirational arts and culture that enhances wellbeing

### Mission:

To enrich the lives of all who live, work and visit Herefordshire by building on existing arts and culture programming and generating new opportunities and more engagement

To develop young people's pride in place, confidence, creativity, skills and opportunities through inspirational arts and culture

### Values:

We believe that arts, culture and creative engagement of many different kinds and across all art forms play an essential role in the wellbeing of everybody and enhance our lives in many positive ways, including adding to the economic vitality of the county. We are committed to:

Partnership– working together we can achieve great things

Excellence – we are ambitious for quality and value for money

Diversity – we respect and seek to do the best for everybody who lives, works or visits Herefordshire

Resourcefulness – we make the most of what we have, take pride in resilience and welcome innovation

Openness – we are open and transparent in the way we work, open to opportunities, open-minded and outward looking; we are rooted in place and connected to the world

## VISION AND OBJECTIVES

### Aim:

To develop a new innovative and modern Library and Learning Resource Centre (LRC), creating a mixed development to support the regeneration of the city centre, and to improve the opportunities and wellbeing outcomes of the population through enhanced cultural facilities.

'Libraries Deliver: Ambition for Public Libraries in England 2016 to 2021' sets out shared outcomes for library services and 'urges commissioners across the public sector to consider a 'library first' approach when planning services for their communities', which is described above.

The Arts Council of England (ACE) holds the national remit for supporting arts, libraries and museums through funding, advocacy, advice and support. ACE has five goals that link to Herefordshire County Plan.

### These are:

- to see excellence thriving and celebrated in arts, museums and libraries
- to reach more people, broaden the groups being reached and improve the quality of their experience
- to support resilience and sustainability- financial, environmental and digital

- to be sure the work draws on and reflects the full range of backgrounds and perspectives in society
- to ensure children and young people access excellence in libraries, arts and museums experiences

**Objectives:**

- To provide an enriching environment that creates learning opportunities and increases the skills of our communities
- Embedding a new innovative and sustainable library and learning resource centre in the Hereford City that attracts residents across all ages
- Creating a community hub and infrastructure that provides multi-faceted working environments and increased collaboration between sectors
- Supporting the residents to remain well, healthy and independent by offering an improved cultural infrastructure in the City
- Creating an environment to enable people to feel safe and be safe
- Improved digital infrastructure that is agile and automated to support the digital needs of the future.
- Increasing the number of residents visiting and continuing to visit the library and resource centre
- Regeneration of a key city centre site through the refurbishment and re-use of the current underutilised atrium space creating a new focal point to drive footfall and increase economic spend in the City.

**Key Performance Indicators**

The following KPIs will be used to monitor services once the Library and Learning Resource Centre are operational:

- Number of new Library members
- Number of books/activities issued
- Active library members
- Number of schools engaged and utilising the library/number of visits from schools
- Unique users to the website and accessing the resources
- Increased number of community events for all ages and increasing accessibility for the library
- Increased number of self service for books
- Number of volunteers supporting the library/hours provided
- Number of bookstart packs provided to the community
- Case studies of improved wellbeing
- Improved customer experience

**THE PROPOSED INVESTMENT**

**Short-list of options:**

Option	Short-list Y/N	Reasons
Do nothing	Y	Base case

Develop Learning Resource Centre in the current Maylord Orchards atrium building.	Y	Project as currently proposed.
Refurbish Maylord Orchards site without relocating the library.	Y	Option could reduce capital costs.
Undertake major redevelopment of site, demolishing current buildings to create a more significant mixed use development.	N	Costs would be very high given need to secure vacant possession of the current units and to re-build.
Extend the current premises into the service yard to create more operational space.	N	Costs would be prohibitive, access rights from surrounding land owners (including fire safety) would prohibit.

**Option 1 – Do nothing. Do not pursue the grant funding, do not create the LRC or refurbish the wider site.**

Cost	£3m
Benefits	No disruption to library services, existing tenants and visitors to Maylord Orchards.
Deliverability	N/A
Pros	<ul style="list-style-type: none"> <li>No disruption to library services, existing tenants and visitors to Maylord Orchards.</li> <li>Addresses existing market failure. The demand for retail space in the city centre is declining, which means there is a requirement to create alternative uses for spaces such as Maylord Orchards in order to diversify and regenerate the high street.</li> </ul>
Cons	<ul style="list-style-type: none"> <li>Loss of grant funding (£3m)</li> <li>Library remaining in the museum building will impact upon the separate Towns Funding project; additional floor space is required within the Broad Street building where the library is currently housed. Not moving the library will have a detrimental impact on the ambition for the Broad Street building. No alternative funding is identified to relocate the library with the Stronger Towns funding.</li> <li>Maylord Orchards building could fall further into disrepair.</li> <li>Lack of mixed use purpose in the city centre may result in a further decline to footfall, impacting future economic viability.</li> </ul>
Recommendation	<b>Rejected</b>

**Option 2 – Delivery of the project as proposed, developing a Learning Resource Centre (relocating the library) in the refurbished the current shopping centre.**

Cost	£3m
Benefits	Creates new repurposed city centre offer, modernising the current shopping centre and uplifting trade in the wider city centre.
Deliverability	Deliverable subject to further development of the design and costs, and revenue income generation meeting operational costs.

Pros	<ul style="list-style-type: none"> <li>• Provides a new Learning Resource Centre to re-purpose the city centre and provide residents with access to services.</li> <li>• Supports physical and social recovery from Covid 19.</li> <li>• Redevelops a dated site that may otherwise fail to retain / attract tenants.</li> <li>• Creates learning opportunities for local people.</li> <li>• Enables the linked Museum and Art Gallery project to proceed due to relocation of the library.</li> </ul>
Cons	<ul style="list-style-type: none"> <li>• Possible disruption to other businesses during capital works.</li> <li>• Possible disruption to library users during the relocation.</li> <li>• Current library operational costs will increase, such as business rates and service charge.</li> </ul>
Observations	The development of the full business case will further explore this option, better understanding costs and outcomes.
Recommendation	Proceed.

### Option 3 – Refurbish Maylord Orchards site without relocating the library.

Cost	C £3m
Benefits	Would enable more significant redevelopment of the Maylord Orchards site
Deliverability	Subject to design and costing
Pros	<ul style="list-style-type: none"> <li>• More extensive redevelopment of the current shopping centre, a strategically significant site at the heart of the city centre.</li> </ul>
Cons	<ul style="list-style-type: none"> <li>• Likely to negatively impact the museum redevelopment project as the library will not be relocated.</li> <li>• More significant disruption to current tenants and visitors.</li> <li>• Town Investment Plan outputs relate to learning opportunities from the Learning Resource Centre.</li> <li>• Failure to create a mixed use purpose.</li> </ul>
Observations	Significantly limits outcomes and purpose of the project, and impairs another linked project.
Recommendation	Rejected

Subject to the successful development of the full business case (including full design, tendered costs and planning permission), the preferred option is option 2.

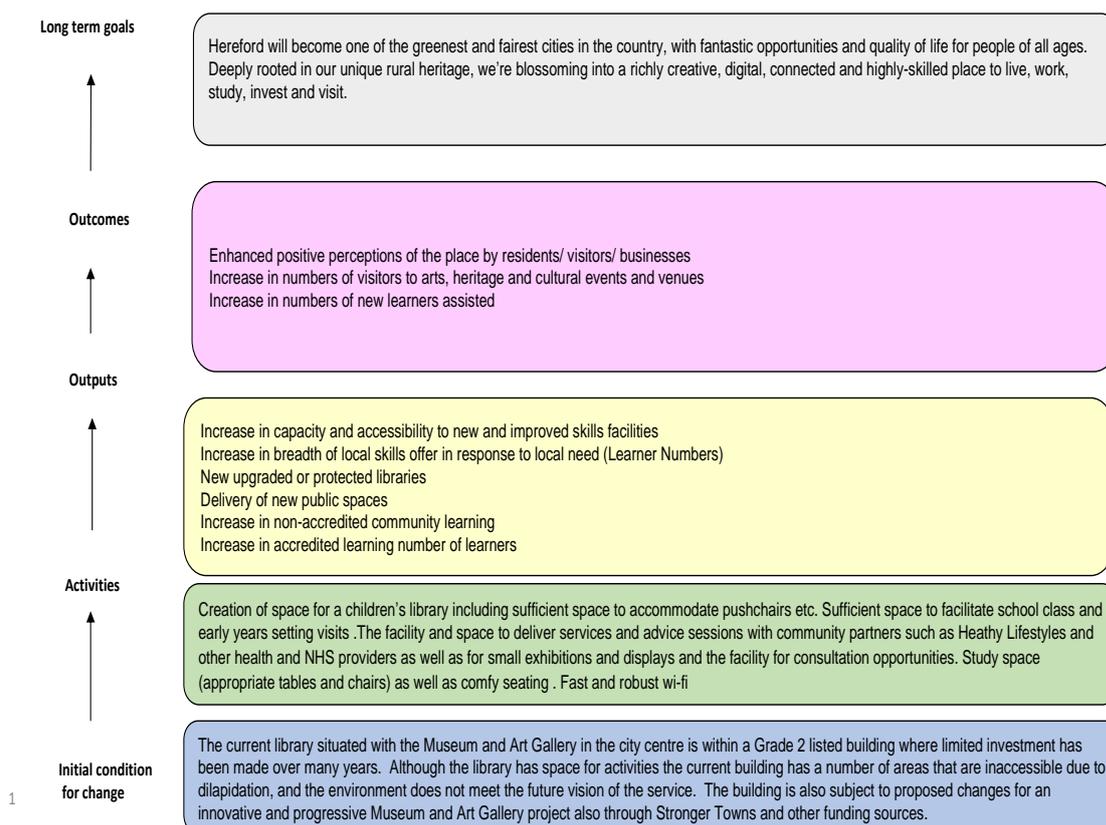
#### Critical success factors

- Securing the Town Investment Plan grant.
- Securing planning permission.
- Design and fully procured services within the available budget.
- Construction works delivered to time and budget.
- Timing of library relocation aligned to the museum redevelopment project.
- Revenue income can sustain increased operational costs

## THEORY OF CHANGE

A Theory of Change arising from the development is set out below:

### Library and Learning Resource Centre Theory of Change



## Stakeholders

The council owns the Maylord Orchards shopping centre, and is responsible for the delivery of a number of the identified services in the Learning Resource Centre such as the library, and the adult and community learning service. Tenants of the site and adjoining premises would be impacted through the construction phase and changes to use. Consultation has already begun with support from the Centre Manager, and they will continue to be consulted throughout the development of the project.

The below illustrates the responses to four key questions which were discussed with library staff as part of the consultation held on 14<sup>th</sup> September 2021:

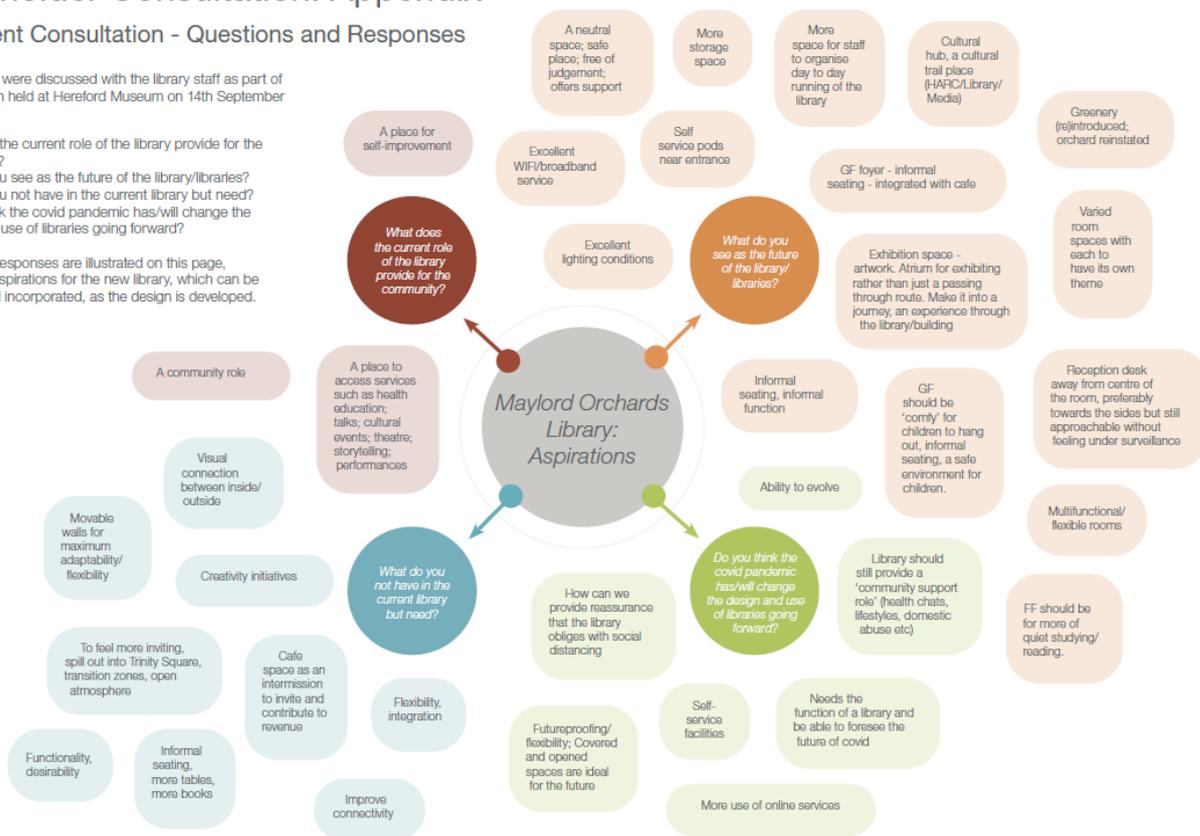
# Stakeholder Consultation: Appendix

## 1.7 / Client Consultation - Questions and Responses

Four questions were discussed with the library staff as part of the consultation held at Hereford Museum on 14th September 2021:

- What does the current role of the library provide for the community?
- What do you see as the future of the library/libraries?
- What do you not have in the current library but need?
- Do you think the covid pandemic has/will change the design and use of libraries going forward?

Colour coded responses are illustrated on this page, documenting aspirations for the new library, which can be referred to, and incorporated, as the design is developed.



## Stakeholder Strategy

A stakeholder strategy, developed by Architype and Herefordshire Council's project team and the Council's Communications Team, who have also supported in the development of a Communications Plan.

The plan details the stakeholders for the project.

A full version of the Consultation Strategy can be found in the appendix 4

# Stakeholders

## 1.2 / Organogram

This organogram diagram arranges the stakeholders from the list provided by Jon Chedgoy, Museums, Libraries and Archives Manager, Herefordshire Council (received via email on 08.03.2022 at 12:55), into manageable groups who can be consulted together.

Groupings have been created with stakeholders of equal priority who will be consulted via the same consultation method.

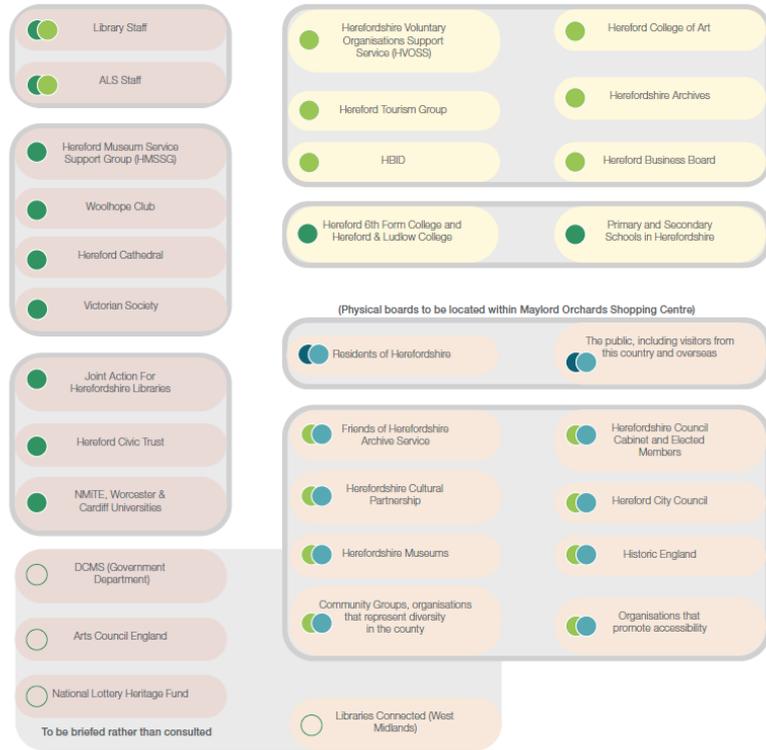
Priority and consultation method have can be identified using the colour coding keys below:

### Stakeholder Priority Key



### Consultation Method Key

- In-person
- Email / phone (set of questions)
- Physical boards
- Online consultation
- to be briefed, not consulted

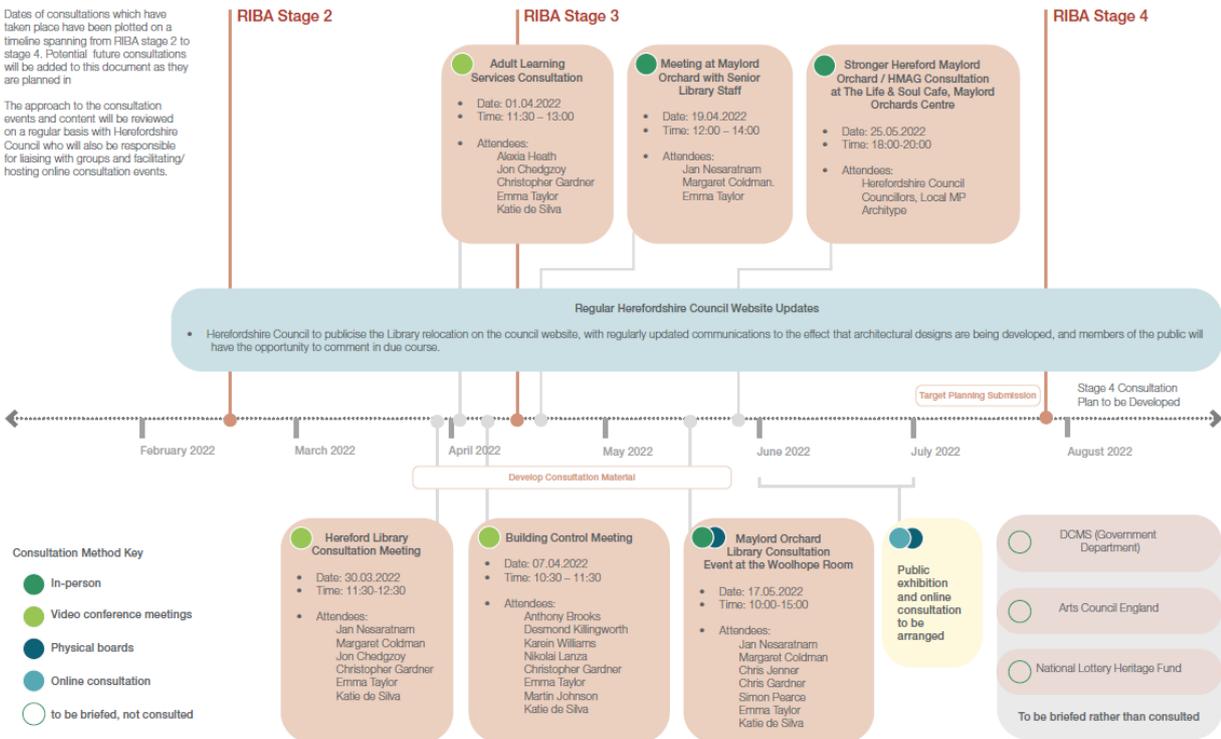


# Stakeholder Consultation: Strategy

## 1.3 / Timeline

Dates of consultations which have taken place have been plotted on a timeline spanning from RIBA stage 2 to stage 4. Potential future consultations will be added to this document as they are planned in.

The approach to the consultation events and content will be reviewed on a regular basis with Herefordshire Council who will also be responsible for liaising with groups and facilitating/ hosting online consultation events.



A consultation event took place on 17<sup>th</sup> May 2022 across three sessions, facilitated by Architype. At this event, stakeholders were presented with concept designs and proposed floor plans. Feedback is included within Appendix 4, on page 10.

On the 25<sup>th</sup> May 2022, an evening event was held, facilitated by Herefordshire Council and the Cabinet Member for Commissioning, Procurement and Assets, supported by Architype and Mace. The event was held at Maylord Orchards and was attended by partners from the Stronger Towns Board, Woolhope Club, HMSSG, Hereford City Council, Cabinet Members, Hoople Ltd and representatives from the local press. At this event, concept designs were shared, and members present were invited to feedback and ask questions about the project. This will be the first of several such events.

The MP for Hereford and South Herefordshire was unable to attend, but was briefed prior to the event and conversations with them are ongoing.

Herefordshire Council invites you to view concept designs for Hereford Museum & Art Gallery and Maylord Orchards Library and Learning Resource Centre as part of #StrongerHereford

#STRONGERHEREFORD

Wednesday 25<sup>th</sup> May  
6:00pm – 8:00pm  
Life & Soul Café in the Maylord Orchards Centre  
RSVP via the Eventbrite link provided by Friday 20<sup>th</sup> May

@hfdscouncil

Herefordshire.gov.uk

The council will work in partnership with all local learning and skills providers such as NMITE, Hereford College of Arts, Herefordshire and Ludlow College, Hereford Sixth Form College, RNC, Beacon College, National Star College, Herefordshire and Worcestershire Group Training, Association, HOOPLE Ltd, Equalities groups, Youth Council, Riverside Training, Horizon Training, Landau promoting the opportunity to utilise the Learning Resource Centre to engage local residents and deliver their services.

The council will work in partnership with other local public sector public service providers who may also benefit from utilising the centrally located Learning Resource Centre space, such as DWP and Wye Valley NHS Trust.

Voluntary and Community organisations will also work in partnership with Herefordshire Council through organisations such as HVOSS.

# ECONOMIC CASE

# ECONOMIC CASE

## INTRODUCTION

Herefordshire faces some significant long term economic challenges, further impacted through Covid 19. In particular the visitor economy, non-essential retail and cultural sectors were the worst impacted by Covid 19, required to close for many months during lockdowns.

Herefordshire has the lowest<sup>4</sup> county tier Gross Value Added (GVA) or any county in England and is the second lowest in the UK (second to our neighbor Powys). Average weekly wages are 20% below the national average, 39% of residents have a NVQ level 4 or above qualification compared to a national average of 43%, 24% of the population are aged over 65<sup>5</sup>, and the county is a Higher Education and social mobility 'cold spot'. As younger generations reach higher education age they have tended to move away to access university education, and we don't have the higher level jobs to attract them back.

Across the country physical retail has been in decline for some time, given an ever increasing shift to on line buying of goods and services which has been further exacerbated by Covid 19. Prior to the pandemic £1 of every £5 of retail spend had moved to online purchases. The following graph highlights the rise in online sales over recent years, including the significant increase caused by Covid 19. Although in terms of total retail sales, volumes decreased by 4.8% up to August 2020 as all sectors except for food and non-store retailing saw a fall in sales (ONS Great Britain Retail Sales August 2020).

For a number of years retailers located in town centres have encountered falling footfall, reduced trade, whilst still encountering costs not incurred to the same degree by online retailers such as business rates and building related costs (lease, utilities etc). In recent weeks large retail chains such as Debenhams and the Arcadia Group have announced they are going into administration with the loss of significant numbers of jobs across the country.

The KPMG 'The Future of Towns and Cities report' (January 2021) states that *'We expect that 40-50% of all non-essential retailing will be transacted online going forward, up from around 30% pre-COVID'*. The report states that *'Those that succeed will be likely to have a range of cultural assets as well as easy access to green space, which will serve to boost the quality of living in the area'*

Where retail has been the primary footfall driver for many years, town centre (local residents as well visitors from other places) are now looking for a range of experiences. For example, leisure, events, café culture, socialising, meeting friends and/ or seeking retail experiences not readily available of line, for example through distinctive independent shops. 64% of all retail and leisure units nationally are now independent (BIRA/Local Data Company).

The Towns Funding guidance recognises the challenges cities such as Hereford face. The national guidance states that: *'Town centres may be hit hard by the impacts on retail, adding to*

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<sup>4</sup> [Mapping inequality in the UK \(ons.gov.uk\)](https://ons.gov.uk)

<sup>5</sup> [Economy & place - Understanding Herefordshire](#)

*longer-running trends and pressures. In particular, towns may want to consider how they can reconfigure town centres for mixed uses’.*

The proposed project will address the above issues. The redeveloped Maylord Aorchard site at the heart of the city will re-purpose a dated shopping centre in to a mixed use facility offering access to a modern library and related services. The Learning Resource Centre providing local residents with access to Adult Learning Services, addressing skills gaps and enabling them to seek better higher value roles leading to improved living standards. It will also provide a central city centre location for access to well-being support, health advice and other public services.

Creating new reasons to visit and spend time in the city centre will increase footfall, and spend across the city centre as a whole.

## **APPROACH TO ECONOMIC CASE**

Project options are fully considered in the strategic case.

## **ECONOMIC BENEFITS**

The project will deliver the following outputs:

Output	2023/24	2024/25	2025/26
Increase in capacity and accessibility to new and improved skills facilities	1		
Increase skills offer in response to local need	124	230	230
New upgraded or protected libraries	674.3 sqm		
Delivery of new public spaces	1		
Non-accredited Community Learning Number of learners	100	150	150
Accredited learning number of learners	24	30	30

The project will deliver the following outcomes;

- Perceptions of the place by residents/ visitors/ businesses
- Numbers of visitors to arts, heritage and cultural events and venues
- Numbers of new learners assisted

## **APPROACH**

The assessment of economic benefits for this **Towns Fund** scheme has been undertaken in full compliance with the latest **HM Treasury Green Book** (2020) and relevant Departmental guidance, such as Department of Levelling Up, Housing and Communities (DLUHC).

There are a number of overarching assumptions which apply to the value for money assessment (unless otherwise stated):

- all short-listed options have been appraised over a **20-year period**, consistent with the estimated life of the project.
- where Present Value figures are presented, cost and values have been **discounted at 3.5%**
- all monetised costs and benefits have been converted to **2021/22 prices**, with general inflation excluded.
- the costs and benefits of the intervention options are presented in net terms and relative to the Base Case. Adjustments have also been made for **Additionality** e.g. leakage, displacement and multiplier effects where appropriate (as detailed below).
- **Optimism Bias** of 12% has been calculated using HM Treasury methodology and included in the value for money analysis. We have set this at a mid range taking account of the capacity of the council to oversee large capital projects. Based on Green Book Supplementary Guidance Range for Standard Buildings  
([https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/191507/Optimism\\_bias.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/191507/Optimism_bias.pdf))

The framework for assessing the economic benefits of the **Library** project has been developed having regard to the HM Treasury Green Book, MHCLG (DLUHC), BEIS and DCMS guidance. As set out within the MHCLG (DLUHC) Appraisal Guide, projects should be appraised based on a **Benefit Cost Ratio (BCR)**.

The calculation of costs and benefits has accounted for latest recommendations from MHCLG (DLUHC) in relation to the Towns Fund, as well as other recent publications for regeneration and cultural projects. Reflecting the diverse nature of the interventions and their expected impacts, as well as the existing conditions within Hereford, a wide range of external benefits have been assessed in accordance with guidance as set out in the Economic Benefits section below.

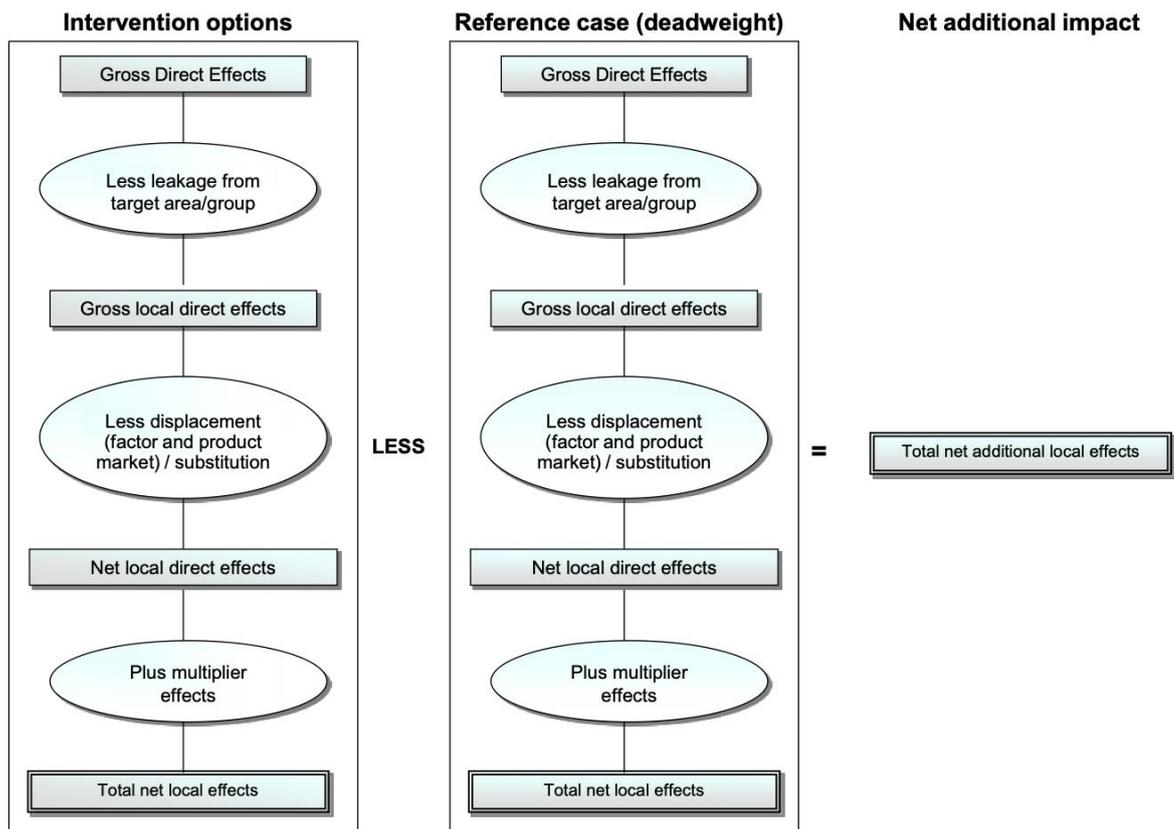
## ADDITIONALITY

Of key importance in assessing the impact of the proposals on the local economy is the extent to which new activity is truly additional, in other words it does not simply displace existing activity. Furthermore, it is important to understand who is likely to benefit from the impacts generated and the degree to which further demand and investment is stimulated.

To assess the net additional impact of the proposals and overall anticipated additionality of the proposed project options, the following factors have therefore been considered:

- **Leakage** – the proportion of outputs that benefit those outside of the project’s target area or group
- **Displacement** – the proportion of project outputs accounted for by reduced outputs elsewhere in the target area. Displacement may occur in both the factor and product markets
- **Multiplier effects** – further economic activity associated with additional local income and local supplier purchases
- **Deadweight** – outputs which would have occurred without the project (Base Case)

The approach to assessing the net additional impact of a project, taking into account the above adjustments, is shown diagrammatically below.



For the economic modelling, we have assumed a composite **Additionality Factor of 66%** based on HCA norms for people using refurbished cultural facilities ([https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/378177/additionality\\_guide\\_2014\\_full.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/378177/additionality_guide_2014_full.pdf))

## VALUE FOR MONEY ASSESSMENT

For the **Library** project, the economic modelling included a number of monetised benefits, consistent with Governmental guidance. These included regeneration benefits, social benefit skills, enterprise and tourism (cultural benefits)

These benefits are outlined in more detail below (in relation to the broad Town Fund investment themes in the TF prospectus)

Towns Fund investment theme	Key benefits	Wider social and economic benefits (note adding all benefits may lead to double counting)	Key guidance to model and monetise benefits
Urban regeneration, planning and land use	<ul style="list-style-type: none"> <li>Land value uplift</li> </ul>	<ul style="list-style-type: none"> <li>Increases in local employment and GVA</li> <li>Community cohesion</li> <li>Health benefits from increased active travel or use of new public / green spaces</li> <li>Social benefits (e.g. improved personal security)</li> </ul>	MHCLG guidance

<b>Arts, culture, and heritage</b>	<ul style="list-style-type: none"> <li>Increased retail revenue from increased footfall</li> <li>Amenity benefits</li> </ul>	<ul style="list-style-type: none"> <li>Social benefits from improved access to culture</li> <li>Increases in local employment and GVA</li> <li>Community cohesion</li> </ul>	
<b>Skills infrastructure</b>	<ul style="list-style-type: none"> <li>Land value uplift</li> </ul>	<ul style="list-style-type: none"> <li>Increased employment and income</li> <li>Attraction of businesses interested in the skills offered by the new infrastructure</li> </ul>	MHCLG guidance

## Economic Costs

The financial costs of the proposed intervention have been developed by the **Library** Project Team.

The nominal financial costs in the Financial Case have been converted to economic costs in line with the Green Book approach by using the HM Treasury's GDP deflator index to convert estimates of future costs to constant (2021/22) prices. The constant price costs have been adjusted to present value costs by applying the Treasury's Social Time Preference discount rate of 3.5% per annum. Public capital expenditure within the programme is expected to run until 2024/5, in line with the Towns Fund guidance.

Type	Source	Total Amount
Public sector cost (20 yrs)	Green Book STPR	£3 million
Optimism Bias (12%)	CCB Precedent	£0.36 million
Public sector cost (with OB)	-	£3.36 million

## Value For Money Assessment

A bespoke economic model was created to calculate the Benefit Cost Ratio, BCR of the proposed intervention. The results are summarised below:

Value for money assessment (£M, discounted, 2021 prices)	Core scenario	Sensitivity test 1	Sensitivity test 2
		No Learner Benefits	Optimism Bias 24%
Increase in capacity and accessibility to new and improved skills facilities	£0.29	£0.29	£0.29
Increase skills offer in response to local need	£4.19	£4.19	£4.19

### Economic benefits

Increase in capacity and accessibility to new and improved skills facilities	£0.29	£0.29	£0.29
Increase skills offer in response to local need	£4.19	£4.19	£4.19

New upgraded or protected libraries				
Delivery of new public spaces		£5.32	£5.32	£5.32
Non-accredited Community Learning Number of learners		£1.34		£1.34
Accredited learning number of learners		£0.33		£0.33
Additionality Factor 0.65				
<b>Total economic benefits</b>	<b>(A)</b>	<b>£7.57</b>	<b>£6.47</b>	<b>£7.57</b>
<b>Economic costs</b>				
Towns Fund	(B)	£3.00	£3.00	£3.00
Optimism Bias	(C)	£0.36	£0.36	£0.72
<b>Total public sector</b>	<b>(D)=(B)+(C)</b>	<b>£3.36</b>	<b>£3.36</b>	<b>£3.72</b>
<b>Benefit Cost Ratio</b>	<b>(A) / (D)</b>	<b>2.3</b>	<b>1.9</b>	<b>2.0</b>

The rationale/sources for the benefits calculated is set out below:

<b>Increase in capacity and accessibility to new and improved skills facilities</b>		
Source <a href="https://www.powertochange.org.uk/wp-content/uploads/2017/10/PTC_RoomHire_A5_AW-1.pdf">https://www.powertochange.org.uk/wp-content/uploads/2017/10/PTC_RoomHire_A5_AW-1.pdf</a>		
Measure: Hourly rate for room hire		
Number Facility open 48 weeks a year, 6 days 8 hours per day		
Value	£27	£289,928
<b>Increase skills offer in response to local need</b>		
Source: <a href="https://www.gov.uk/government/publications/valuing-adult-learning-comparing-wellbeing-valuation-and-contingent-valuation">https://www.gov.uk/government/publications/valuing-adult-learning-comparing-wellbeing-valuation-and-contingent-valuation</a>		
Measure: adult learning benefits		
Number 3579 over 20 years based on council projections		
Value	£2,234	£4,185,953
<b>New upgraded or protected libraries and Delivery of new public spaces</b>		
Source <a href="https://www.social-value-engine.co.uk/calculator/Quantifying_and_valuing_the_wellbeing_impacts_of_sport_and_culture.pdf">https://www.social-value-engine.co.uk/calculator/Quantifying_and_valuing_the_wellbeing_impacts_of_sport_and_culture.pdf</a>		
Measure: library users		
Number: 4184 34% of population uses library - 61,000 population 20% increase = 4148 people		
Value	£149	5,319,944
<b>Non-accredited Community Learning Number of learners</b>		
Source:		

<a href="http://social-value-engine.co.uk/calculator/Two%20Day%20Personal%20Development%20Training%20Course.pdf">http://social-value-engine.co.uk/calculator/Two%20Day%20Personal%20Development%20Training%20Course.pdf</a>		
Measure: Council projected learners		
Number 1241 over 20 years		
Value	£1,081	£1,341,672
<b>Accredited Community Learning Number of learners</b>		
Source:		
<a href="http://social-value-engine.co.uk/calculator/RR821.pdf">http://social-value-engine.co.uk/calculator/RR821.pdf</a>		
Measure: Council projected learners		
Number 482 over 20 years		
Value	£1,291	£325,626

## SUMMARY

The analysis undertaken in this Economic Case was consistent with HM Treasury's Green Book and other departmental guidance. For the **Library** proposal, we identified amenity benefits, social benefit and tourism (cultural benefits)

The costings have been calibrated for Optimism Bias and discounted using HMT's 3.5%. The **BCR = 2.3** provides a very high level of value for money. (MHCLG Appraisal Guide classes a BCR greater than two as 'high' value for money and between one and two as 'acceptable').

# FINANCIAL CASE

# FINANCIAL CASE

As part of the RIBA stage 2 report, a summary cost plan has been provided by Mace. The below image is a summary plan:

## ELEMENT GROUPS Hereford Library

© Mace Consult Limited 2022

Element	Element / Classification	Totals	%	Cost/m <sup>2</sup>	Cost/ft <sup>2</sup>
0	FACILITATING WORKS	60,000	2	89	8
1	SUBSTRUCTURE	171,750	5	255	24
2	SUPERSTRUCTURE	706,730	21	1,049	97
3	INTERNAL FINISHES	120,450	4	179	17
4	FITTINGS, FURNISHINGS AND EQUIPMENT	300,000	9	445	41
5	SERVICES	413,532	13	614	57
8	EXTERNAL WORKS	40,000	1	59	5
	<b>SUB TOTAL CONSTRUCTION COSTS</b>	<b>1,812,462</b>	<b>55</b>	<b>2,690</b>	<b>250</b>
	MAIN CONTRACTORS PRELIMINARIES @ 18%	308,119	9	457	42
	MAIN CONTRACTORS OH&P @ 7%	148,441	5	220	20
	INFLATION TO MID POINT CONSTRUCTION (3Q 2023) 5.90%	204,212	6	303	28
	<b>SUB TOTAL OF PRELIMS, CONTRACTORS OHP AND INFLATION</b>	<b>660,771</b>	<b>20</b>	<b>980</b>	<b>91</b>
11	PROJECT / DESIGN TEAM FEES	533,269	16	791	73
12	PROJECT CONTINGENCY @10%	300,650	9	446	41
	<b>Total</b>	<b>3,307,153</b>	<b>100</b>	<b>4,907</b>	<b>453</b>

Below is a summary of the capital cost plan for the project, produced by Herefordshire Council, in consultation with Mace, based on the RIBA stage 2 cost plan:

Capital Cost of Project		
Elements	Element Totals	Total
<b>Elements included in Mace Ltd Cost Plan</b>		
Facilitating Works	£ 60,000.00	
Construction Substructure	£ 171,750.00	
Construction Superstructure	£ 706,730.00	
Internal Finishes	£ 120,450.00	
Fittings, Furnishings and Equipment	£ 300,000.00	
Services	£ 413,532.00	
External Works	£ 40,000.00	
<b>Construction Cost Sub Total</b>		<b>£ 1,812,462.00</b>
Main Contractors Preliminaries	£ 308,119.00	
Main Contractors OH&P	£ 14,841.00	
Inflation to Mid Point Construction	£ 204,212.00	
<b>Prelims, Contractors OHP and Inflation Sub Total of</b>		<b>£ 660,771.00</b>
Project / Design Team Fees	£ 533,269.00	
Project Contingency	£ 300,650.00	
<b>Mace Ltd Sub Total</b>		<b>£ 833,919.00</b>
<b>Mace RIBA Stage Costings Total</b>		<b>£ 3,307,153.00</b>
<b>Elements not included in Mace Ltd Cost Plan</b>		
Procurement costs 0.3%	£ 5,437.38	
PMO Cost	£ 140,000.00	
Planning Cost	£ 1,500.00	
Income Generation Report	£ 4,777.50	
<b>Additional Cost not included in Mace Cost Sub Total</b>		<b>£ 151,714.88</b>
<b>Total</b>		<b>£ 3,458,867.88</b>

## FUNDING AND REVENUES

Subject to a cabinet decision on the 29th June 2022, Herefordshire Council intend to fund the £0.5m capital shortfall to enable the project to be completed in full. In addition, to ensure that the Council can provide an enhanced level of service in meeting the aspiration of the project, over a 7 days a week period during peak periods, the cabinet decision includes the intention to increase the Council's future years revenue contribution to meet the increased operational costs. The cabinet decision can be found at: Issue details - Stronger Towns Projects Full Business Case Submission - Herefordshire Council

Funding streams	2021/22	2022/23	2023/24	Future Years	Total

(Indicate revenue or capital funding requirement) Or Grant funding that may be sought?					
Town Investment Fund (capital)	£150,000	£550,000	£2,300,000	£0	<b>£3,000,000</b>
Herefordshire Council			£500,000	£0	<b>£500,000</b>
<b>TOTAL</b>	£150,000	£550,000	£2,800,000	£0	<b>£3,500,000</b>

### Maylord Orchards TIP Analysis

The below tables have been produced by Herefordshire Council's Property Services:

*PLEASE NOTE: The facts and figures shown below are indicative of existing unit layouts and size. It should be noted that the current library proposal goes outside of existing units and any subsequent changes to use will need a re-assessment of NNDR, service charges and insurance contributions. The following can be used as the basis for an indicative value for the full business case development over the coming year.*

Organisation	Units	Size (NIA Sq.ft)	Offer	Offer Charges p.a.
Library and Learning Resource	Ground Floor: Unit 41 (local) Unit 42 (nails) Unit 43 (former cafe)	920 375 1723	Budget identified to cover rates and service charge to cover running costs and insurance. Zero rental.	<u>Unit 41:</u> Service Charge: £5,518 Insurance: £379 Rates: £6,383  <u>Unit 42</u> Service Charge: £2,249 Insurance: £155 Rates: £3,584  <u>Unit 43</u> Service Charge: £10,334 Insurance: £820 Rates: £11,904
	First Floor: Unit 46 - Enchanted Kingdom	1625		<u>Unit 46:</u> Service Charge: £9,763 Insurance: £671 Rates: £7,120
	Unit 50- vacant shop	411		<u>Unit 50:</u> Service Charge: £2,465 Insurance: £175 Rates: £3,143
	Unit 52 – former Food Court	1585		<u>Unit 52:</u> Service Charge: £9,506 Insurance: £654

				Rates: £7,000 (indicative)
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Indicative Unit Cost Breakdown						
Tenant	Unit	Proposed Use	Service charge	Insurance	Rates	Total Cost
Herefordshire Council's Community Wellbeing	Unit 41	Library	£ 5,518.00	£ 379.00	£ 6,383.00	£ 12,280.00
	Unit 42	Library	£ 2,249.00	£ 155.00	£ 3,584.00	£ 5,988.00
	Unit 46	Library	£ 9,763.00	£ 671.00	£ 7,120.00	£ 17,554.00
	Unit 50	Library	£ 2,465.00	£ 175.00	£ 3,143.00	£ 5,783.00
Herefordshire Council's Community Wellbeing	Unit 52	Learning Resource Centre	£ 9,506.00	£ 654.00	£ 7,000.00	£ 17,160.00
Café Operator	Unit 43	Café	£ 10,334.00	£ 820.00	£ 11,904.00	£ 23,058.00
<b>Total:</b>						£ 81,823.00

*\*Café service charges, insurance and rates are excluded from the above table as these costs would be met by the café operator.*

<b>Revenue budget implications</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Future Years</b>
<i>Service Charge, Insurance, rates (expenditure) (excluding café)*</i>			£29,382	£58,765
<i>Library Operation (staff costs)</i>			£145,181	£248,882
<b>Total Expenditure</b>			<b>£174,563</b>	<b>£307,647</b>
<i>Indicative Café (10% turnover)</i>			£5500	£11,000
<i>Indicative Meeting / Training Room (income)</i>			£27,150	£54,300
<b>Total Income</b>			<b>£32,650</b>	<b>£89,860</b>

The additional revenue required to fund the future model for the library provision has also been part of the briefings with members and senior council officers. The funding to ensure appropriate levels of staffing, overheads included in the gap identified will be supported as part of the council's annual budget setting process. The council is committed to ensuring the services have the appropriate level and skills of staff to deliver the proposed new model of delivery. Detailed business planning will continue to be developed for the services to ensure transition to the future model and delivery of the service.

## **AFFORDABILITY ASSESSMENT**

Please see above.

As outlined in the cabinet decision paper, the council will look to meet the ongoing increased operational costs through the MFTS.

## **WIDER FINANCIAL IMPLICATIONS**

### **Proposed/Agreed charging mechanisms**

- Income from the proposed community café and meeting/ training room hire will support the operational cost of the LRC.
- Establishing the library in the current atrium will utilise current unused space, so will now result in any lost revenue income from the existing units, and services charges will be minimal.

### **Proposed/Agreed contract lengths**

- Professional adviser contract lengths for period of design and implementation.
- Contractor contract length for construction period.
- Community café operator contract length to be determined.

### **Personnel implications (including TUPE)**

It is anticipated that TUPE will not apply to this project as salaried staff are already part of the Herefordshire Council staffing establishment.

Some staff may be required to work from a different location as a result of this project, due to the proposal of this project to move the Library to the Maylord Orchards Centre.

It has been identified within the Take the Current report, and by further analysis completed by Herefordshire Council, that additional staffing will be required as detailed above to support the Library and Learning Resource Centre, including management of the facilities e.g. meeting rooms.

# COMMERCIAL CASE

# COMMERCIAL CASE

## INTRODUCTION

The commercial case section of the FBC sets out our arrangements to procure and implement the capital refurbishment of the Maylord Orchards to deliver a Library and Learning Resource Centre. It also sets out our rationale for ensuring that the revenue generated by our activities underpins the ongoing operation of the facility.

## COMMERCIAL DELIVERABILITY

The commercial case and potential for income generated by a new library and learning resource centre is outlined in the report 'Hereford Library Potential For Income' from May 2022. A copy is attached to this business case as an appendix. The report was written by Take The Current who were commissioned to review whether the library, café and learning resource centre elements at a redeveloped Maylord would generate sufficient income to cover the additional staffing costs that would be required as well as to cover any service charges and rates. Various factors were considered as part of this including retail and catering income, letting of space, sponsorship and donation as well as costs incurred relating to staffing, advertising and promotion, business rates and service charges.

Increased costs have been identified as c.£86,000 per annum. This is made up of £40,000 for rates for the library, café and resource learning centre and £46,000 for service charges and insurance.

Income opportunities have been identified in the 'Hereford Library Potential For Income' report cover the library, café and resource learning centre.

### Café

The new café in Maylords Shopping Centre will be adjacent and accessible to/from the library. The library will be working to increase visits in 2022/23 with a view to re-establishing pre-pandemic levels c. 140,000 per year.

A café recently opened, operated by Life and Soul Kitchen. This is on a short term lease until works commence. Prior to this there was an unmet need within this area of the city, and the success of the café will be further built on by the creation of a new café space within the refurbishment works.

There are factors affecting the income from the café which includes the location as one of the key influencing factors and some would say crucial. Maylords Shopping Centre is in a pedestrianised area. The approaches are from Maylord St and Gomond St and there is an entrance at the back of the centre onto the road parallel to Blue School Street. A small parking area is available under the centre for Anytime Fitness members. It is assumed that most visitor traffic is likely to arrive through the Trinity Square entrance and currently this is not a high footfall area, as the Maylords Shopping Centre is dominated by two large functional stores: Wilco and Poundland and more recently the DWP office it is likely that shoppers are coming to do specific needs shopping or attend an appointment at the DWP offices rather than browse and window shop. Widemarsh Street is more likely to be the walking route to the Old Market Shopping Centre.

Currently averaging 7860 per week compared to 27,694 per week in High Town. Maylords footfall has fallen by 13% comparing the same 16-week period in 2019/20 to March 16th with 2021/22

Since full reopening the footfall at Maylords has not recovered in the way that overall footfall across the city has. Maylords share of the overall footfall is consistently 2-4 percentage points below its performance pre-pandemic (Appendix 1). Powerhouse is located in a unit just outside the centre on Maylord St and organises writing and performance classes, produces theatre and creates digital training and content/films. It is a not-for-profit organisation with an interest in supporting and developing skills in the local community as well as creating live experiences. And will draw small audiences to participate in their work. Trinity Square offers an opportunity when the public realm had some small improvements which are anticipated within the project.

The choice of provider will be a key decision. Hereford like most towns and cities is well served in terms of provision of cafes both outdoor and enclosed and so attracting an operator who can offer something that distinguishes this space from what is already available will be important. In the current space and bearing in mind the current demographic of library visitors and Maylords Shopping Centre visitors the offer needs to be affordable, friendly and attractive/modern so that the maximum number of visitors convert and there is the potential to nurture repeat customers, particularly those working in and around the shopping centre and the pedestrianised area. A simple offer presented very well with a good children's offer will work well.

The current library on Broad Street received 65,390 visits in 2021/22, or 1250 per week. Visits prior to the pandemic were 144,410 annually, or 2785 per week. With a connection between the library and the café there is likely that there will be greater conversion between library users than the shopping centre users.

### **Café Operation**

A commissioned café operator is recommended for the redesigned building. However it is important to ascertain what level of income might be possible to ascertain whether a rental arrangement or commission would be most financially beneficial. No figures exist for the now closed café. A new community café recently opened within Maylord Orchards, which will be in operation until construction work commences. This yield value data on ATV and conversion; early reports show that the café will break even. The forecasts for the café have been based on footfall with the library customers having a greater propensity to convert.

The conversion of library visitors has been set at 10% but incentives and tie-ins to events could push that figure higher, see above. The footfall in the areas is anticipated to increase from the current average of 7,860 to 8,500 per week. Shopping centre café conversions vary widely from the sort of shopping centre where there are clothes shops and gift shops to those that are more functional e.g. supermarket shop or DIY such as Maylords Shopping Centre. A conversion of 3% has been used. A number of events have been anticipated in the evening perhaps working with the other organisations or other cultural organisations as discussed above although this will depend on active engagement from the café contractor. It has been assumed that 25% of the customers have a drink only, 25% have a drink and a cake/snack and 50% are lunchtime customers. Prices are kept competitive due to the demographic in this area. Coffee £3 average, Cake £3.50 and Sandwich £6

Sensitivity applied to conversion rates A high street café operator is likely to give commission c. 5% however it is noted that the Café Cart Company was willing to pay 10% of turnover at Rotherwas as a rent. This would give an income stream of £11k with 3% conversion on footfall.

On the figures given it is deemed reasonable to assume that on a commission level of 10% of turnover, the café could generate in the region of £11,000 per annum towards the increased revenue costs. This is on the assumption that the café is run on a commercial model, should it be a 'community café' approach based on providing a service rather than maximising income, this amount could well be reduced.

**Library**

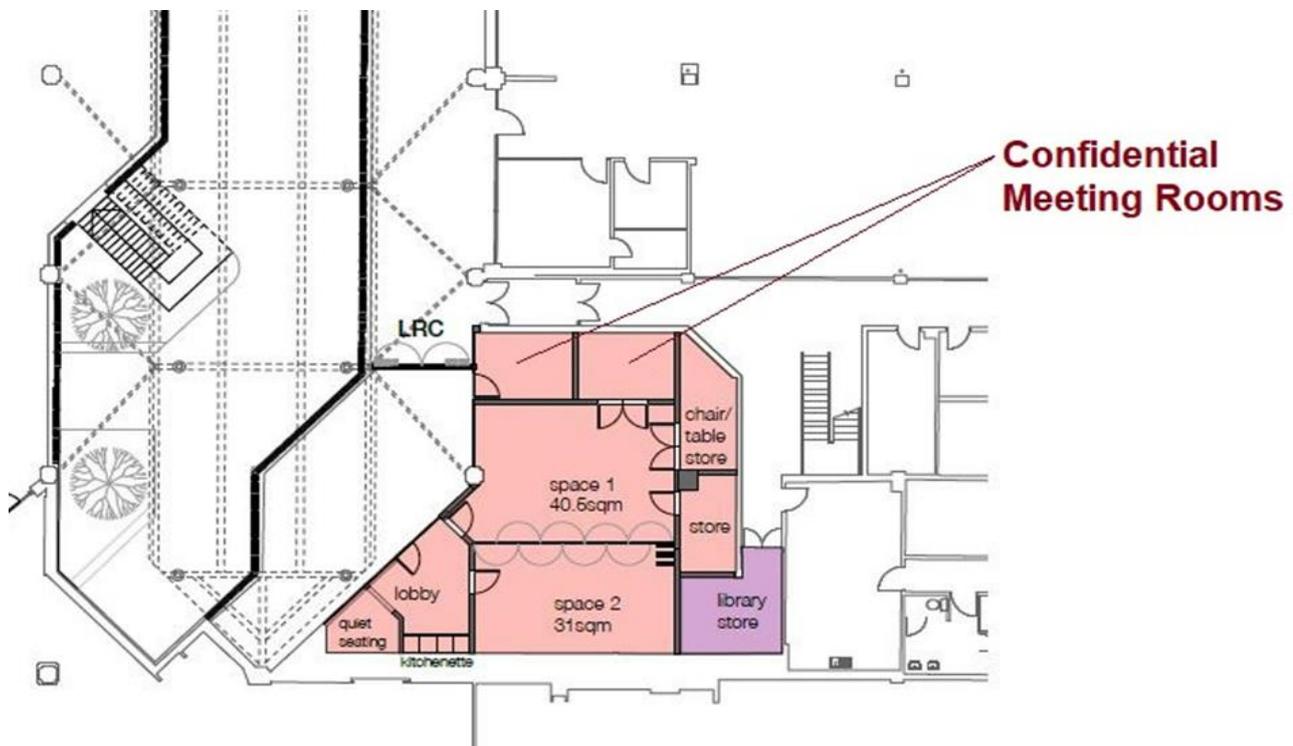
Opportunities for the library itself to generate additional income are limited and while, some items such as local history publications are sold, there is no recommendation for a retail element at the new library site.

**Learning Resource Centre**

The Take the Current report states that for a room of 30 m2 (half the size of room 11 on the proposed floor plan) a reasonable rental would be £15/hour, £60 per half day, and £110 per day. £45 for evening use (3 hours). Take the Current have determined this rate based on the cost of space hire for other venues within the city and surrounding areas.

The projections within the Take the Current report are based on one room only.

Following a project change request, there are 4 bookable rooms available within the proposed design (one 40sqm, one 30sqm, and two smaller rooms, each 10sqm). The two larger room have the option to be combined, and therefore could be utilised for bigger meetings as required, but this will impact the rentable income.



The Adult Learning Service have indicated that they would use a room daily during the week, meaning that 3 rooms remain available during the day to provide additional rental income (it is assumed that the room utilised by ALS would be available for evening use)

The service has engaged with colleagues from across our partners, including Taurus, Wye Valley Trust, GP Federation, Mental health Trust, Community Trust, Pharmacists, Children's Services, Early Help and Talk Community. The mix of larger rooms and smaller 'break out' rooms provides opportunity for confidential conversations whilst larger clinics/meetings take place within the larger room/s. Feedback has already been received from partners that good quality, flexible, centrally located meeting room space would be in demand.

Potential income is detailed below:

	<b>ALS</b>	<b>Hourly Rate</b>	<b>½ Day Rate</b>	<b>Full Day Rate</b>	<b>Evening Rate</b>
Space 1 (30sqm)	<b>ALS £15 Hourly rate</b> Weekday Term Time (39 weeks per/annum) 4 hours per day  <b>£11,700 p/annum</b>	<b>£15 Hourly rate</b> Assumed use 6 hours p/day 5 days p/week, 48 weeks p/annum  <b>£21,600 p/annum</b>	<b>½ day rate £60</b> Assumed use x2 half days, 5 days per week  <b>£28,800 p/annum</b>	<b>Full Day rate £110</b> Assumed use x5 full days  <b>£26,400 p/annum</b>	<b>Evening rate £45</b> Assumed used x2 evenings per week  <b>£4,320 p/annum</b>
Space 2 (40sqm)		<b>£20 Hourly rate</b> Assumed use 6 hours per day, 5 days a week, 48 weeks per year  <b>£28,800 p/annum</b>	<b>½ day rate £80</b> Assumed use x2 half days, 5 days per week  <b>£38,400 p/annum</b>	<b>Full Day rate £170</b> Assumed use x5 full days  <b>£40,800 p/annum</b>	<b>Evening rate £60</b> Assumed used x2 evenings per week  <b>£5760 p/annum</b>
Able to charge a higher rate if combining 2 rooms into 1, but may decrease income					
Small room 1 (estimated at 10sqm)		<b>£5 Hourly rate</b> Assumed use 6 hours per day, 5 days a week, 48 weeks per year  <b>£7200 p/annum</b>	<b>½ day rate £20</b> Assumed use x2 half days, 5 days per week  <b>£9,600 p/annum</b>	<b>Full Day rate £40</b> Assumed use x5 full days  <b>£9,600</b>	<b>Evening rate £30</b> Assumed used x2 evenings per week  <b>£2,880 p/annum</b>

				<b>p/annum</b>	
Small room 2 (estimated at 10sqm)		<b>£5 Hourly rate</b> Assumed use 6 hours per day, 5 days a week, 48 weeks per year	<b>½ day rate £20</b> Assumed use x2 half days, 5 days per week	<b>Full Day rate £40</b> Assumed use x5 full days	<b>Evening rate £30</b> Assumed used x2 evenings per week
		<b>£7200 p/annum</b>	<b>£9,600 p/annum</b>	<b>£9,600 p/annum</b>	<b>£2,880 p/annum</b>

For example, renting one room to ALS (@ £15 p/hour) + 3 bookable meeting rooms (one @ £20 p/hour and two at £5 p/hour), using the assumptions above could generate an income of £54,300 (not accounting for any cost deductions for running the meeting rooms).

The above calculation is based on the room rates suggested by Take the Current. These are estimates based on what the room rental could achieve. The demand may be lower or greater than illustrated.

### **PROCUREMENT STRATEGY**

Procurement of any additional services will follow Herefordshire Council's procurement procedures (Appendix 6), and procurement colleagues are members of the project board.

Mace and the design team are commissioned on a RIBA stage basis. Procurement options have been fully assessed. The cabinet decision currently being progressed seeks delegated authority to commence a design and build procurement at risk.

- RIBA stage 2b onwards – Professional team to be procured to support the detailed design stage of the project up to planning approval.
- Implementation – Contractor to be procured to implement the development of the LRC and wider refurbishment works.
- Re-use café operation – subject to preferred delivery method, possible procurement of a café operator.

<b>Procurement</b>	<b>Indicative Dates</b>
<b>RIBA Stage 1</b>	<b>July 2021 to February 2022</b>
Procurement of professional team (design team and project management consultants) (Mace)	December 2021 – January 2022
<b>RIBA Stage 2</b>	<b>February 2022 – March 2022</b>
Operating forecasting consultant (Take the Current)	March 2022– April 2022
<b>RIBA Stage 3</b>	<b>April 2022 – Sept 2022</b>
Asbestos survey	May 2022 – July 2022

Drainage survey	April 2022 – June 2022
Construction partner	July 2022 – September 2022
Pre-Construction Service Agreement	July 2022 – September 2022
<b>RIBA Stage 4</b>	<b>September 2022 – January 2023</b>
Main contract (Mace)	July 2022 – February 2023
<b>RIBA Stage 5/6</b>	<b>February 2023 – February 2024</b>
Café Operator	September 2023 – January 2024

Any procurement will adhere to the Herefordshire Council’s Contract Procedure Rules. The purpose of the Contract Procedure Rules (CPRs), together with the guidance document and the contracting toolkit is to help officers involved in commissioning, procurement and contract management to carry out their roles effectively, ensuring that: a) contract selection and award procedures are conducted in accordance with the relevant legal requirements under an equitable, transparent and regulated process b) ensure the council obtains value for money and minimises the cost of procuring goods, works and services, utilising strategic delivery partners wherever possible c) strategic policies are taken into account, for example in promoting the economic development of Herefordshire and in relation to protecting the environment d) procurement procedures are kept under review in order to ensure continuous improvements to services and provide best value to the community of Herefordshire e) contracts are managed to ensure they are delivered as specified, achieve the desired outcomes and are received on time and within budget

Link: [Herefordshire Council CPR](#)

### **WIDER CONSIDERATIONS**

Based on the original feasibility study that was provided to inform the initial submission for inclusion in the Stronger Towns Fund Bid, work has progressed the architectural understanding of the building to RIBA Stage 2. At this stage the expectation is that the redeveloped building will provide:

- A modern Library offer, including a children’s library and youth library
- Learning and Resource Centre
- Café
- Meeting rooms
- Space for events and activities
- Catering and hospitality facility
- Educational opportunities through formal class visits and wider public events and informal learning for all visitors
- Opportunities for partners to provide services, such as pop up health clinics (Health on the High Street)

# MANAGEMENT CASE

# MANAGEMENT CASE

## INTRODUCTION

This Management Case describes details of the delivery programme for the full refurbishment of the Maylord Orchards Library and Resource Centre.

## PROJECT ORGANISATION AND GOVERNANCE

The project is managed by Herefordshire Council's Project Management Office (PMO).

The project is overseen by the Project Board, which meets at least monthly. The Board comprises:

Role	Name	Job Title
Senior Responsible Officer - Chair	Roger Allonby	Director of Economy
Senior User	Amy Pitt	Service Director Communities
Programme Manager	Amy Swift	PMO Programme Manager
Senior Project Manager	Johnathan Pritchard	PMO Senior Project Manager
Project Support	Sam Shepherd-Williams	PMO Project Support Officer
Service Area	Chris Jenner	Head of Community Cultural Services, Community Wellbeing
Finance – Capital	Karen Morris	Strategic Capital Finance Manager, Corporate Services
Legal	Sharon Bennett-Matthews	Head of Law and Legal Business Partner Economy & Place, Corporate Services
Legal	Adam Powell	Lawyer 1 contracts and major projects
Finance - Revenue	Kim Wratten	Finance Manager, Corporate Services
Communications Lead	Luenne Featherstone	Communications Manager, Corporate Services
Service Area	Jonathan Chedgzoy	Museum Libraries and Archives Manager, Economy and Environment

Property Services	Andrew Husband	Strategic Property Services Manager, Corporate Services
As and when by invite exception	Lee Robertson	Commercial Manager, Corporate Services
As and when by invite exception	Sarah Jowett	Strategic Assets Delivery Director, Corporate Services
As and when by invite exception	Judith Stevenson	Museum Team Leader, Economy and Environment
As and when by invite exception	Joanne Moore	Head of Corporate Finance, Corporate Services
Other attendees as required such as Professional Leads (Finance, Procurement, Property, Legal, Communications, Planning, External Grants, Performance Management, Adult and Community Learning Services etc) Technical Leads (sustainability, communities, etc)		

**Economic Development Delivery Board** provides a regular oversight, decision and recommendation making forum for projects that are being delivered through this Board. The Board is accountable for the delivery of Council Projects (under the Board's remit), ensuring the projects meet their strategic purpose, delivering high quality value for money outcomes for the council that follows the Council's applied Governance model for project management.

**Hereford Town Board** is establishing a Programme Management Office with responsibility for Monitoring and Evaluation of the delivery of all Hereford Town Deal projects, including the delivery of the Hereford Museum and Art Gallery refurbishment.

**Herefordshire Council 151 Officer** will report to HM Government every six months on the Hereford Museum and Art Gallery project service delivery as stipulated in the Town Fund guidance.

### **External consultants**

Herefordshire Council has appointed Mace Limited to undertake the roles of lead consultant, project manager, programme manager, cost management and also contract administrator, reporting into Herefordshire Council's PMO and Project Board.

As lead consultant Mace will procure the sub-consultant design team on behalf of Herefordshire Council. As project managers Mace will then manage the team, ensuring the design aligns to the Clients' vision, driven by a programme managed approach. Throughout the design stage, Mace's cost management team will work alongside the design team to provide robust support so that designs can be progressed aligned to any budget constraints, as well as ensure suitable robust costings are provided to support the Business Case.

**Mace** will lead the procurement strategy workshop with the Council and the design team, and work with the Council's procurement and legal advisors during the procurement and tender of the main contractor.

**Architype** will undertake the roles of Architect, Lead Designer, Sustainability Consultant as well as Historic Building Designer working alongside specialist conservation Architects, Ferrey & Mennim. Undertaking these roles will enable Architype to craft a fully collaborative design solution that responds to the aspirations of Herefordshire Council to create a leading Museum & Art Gallery for the city to the highest environmental standards. Architype have been involved in the Museum & Art Gallery project from the initial stages of supporting the Stronger Towns Fund application as well as outline business case and feasibility stages and hence are well placed to build on the knowledge and understanding of the project to realise the aspirations of both the council and the community.

**Prince and Pearce** develops planning, design and management strategies for museums and other cultural assets, programmes and projects. Experience includes a range of museums, art galleries and libraries, listed buildings, Scheduled Ancient monuments and World Heritage Sites. P&P's work on museums has focused on (a) business planning (income generation, operational requirements, governance, resilience, marketing and visitor planning), (b) contributing to the development of design briefs (spatial affinities, operational planning, behavioural modelling) whilst (c) improving the ways in which museums contribute to the wider cultural infrastructure and communities they serve.

Prince and Pearce were first appointed by Herefordshire Council in 2017 to carry out research and to devise a resilient, sustainable future model for the Museum Service in the face of severe restrictions on government funding. Subsequently, in 2020, P+P was appointed by the Council to report on the revenue earning potential and operational implications of a redeveloped Museum in Broad Street and a relocated Library in the Maylord Centre in Hereford, with its brief extended to advising during RIBA Stage 1 of the redevelopment of the Museum and developing the design brief in the following areas:

- Income generating space requirements
- Special and temporary exhibitions
- Community space
- Visitor management
- Relationship with the wider cultural infrastructure of the city and county

Consequently P&P has developed a detailed understanding of the museum's collections and operational arrangements as well as considerable local knowledge. It is proposed P+P's continued involvement in the project will entail working with the design team on the further development of specific aspects of the brief through stakeholder and community consultation.

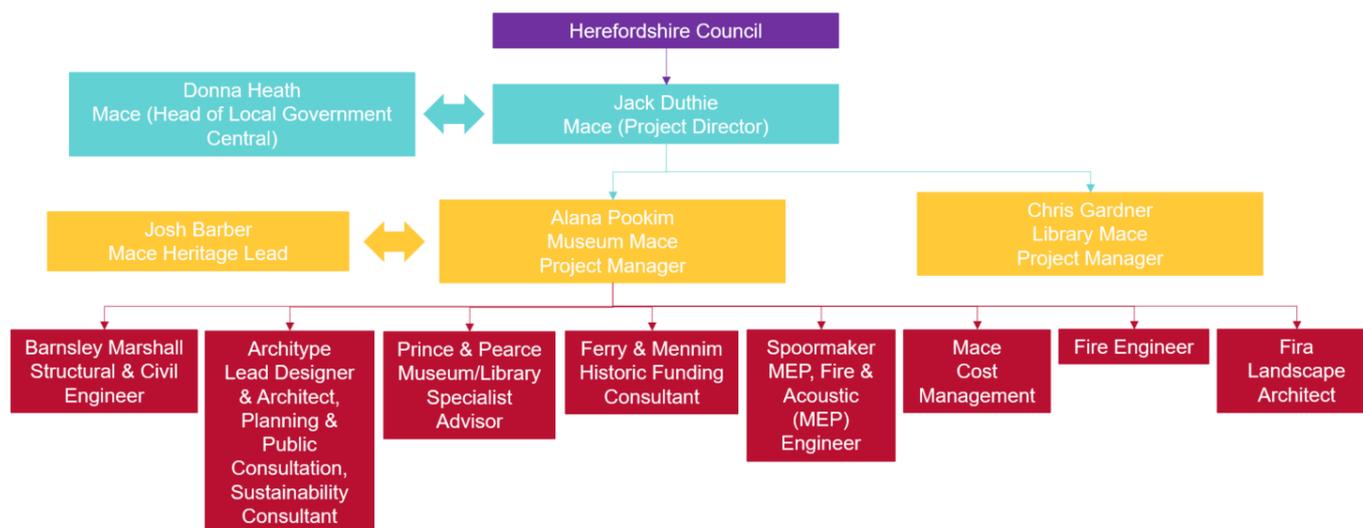
**Barnsley Marshall**, Mace's selected Structural and Civil Engineers are passionate about design and believe that great Architecture and design, supported by sound engineering, creates better buildings and environments that improve the quality of people's lives, bringing tangible social and economic benefits to communities.

**Spoormaker and Partners (S&P)** are an award-winning international firm of MEP consulting engineers, originally founded in 1964. It has a total headcount of approximately 100 staff, delivering all aspects of mechanical, electrical and public health building services design across a wide range of sectors.

**Ferrey & Mennim** are award winning conservation architects who pursue a contemporary, timeless architecture with carefully crafted detail and are passionate about working collaboratively with clients, resolving complex issues, and creating long lasting, beautiful buildings for them.

**FIRA**, Mace’s selected landscape architects create beautiful places that enhance people’s health and improve wellbeing. Their collaborative approach, involving the client team, the design team and the users of the space, will enable the team to create practical, sustainable and attractive designs that will stand the test of time, reflect the communities that use them and are sustainable.

Mace’s project team structure:



### Take the Current

Herefordshire Council has also commissioned Take the Current to undertake an income generation options report. The requirement was to review and revise as appropriate the outline business appraisal options in the report on ‘Library Feasibility Report’ (Appendix 2). The aim is to maximise income generation in a refurbished library and resource centre at Maylord Orchards.

An initial independent business appraisal of the proposals was produced by Prince & Pearce in July 2021. As the project progresses through to completion of RIBA stage 2 a detailed business appraisal was required to develop a fully-funded and agreed way forward, building on the work of the July 2021 report. This should include, but not be limited to, assumptions and rationale regarding:

- Space hire / Corporate hospitality
- Corporate Sponsorship
- Retail and Catering income
- Costs: Staff; Advertising & promotion; Hired-in events and exhibitions; Facilities Management
- Headline outturn and sensitivities

### ASSURANCE

The PMO is serviced by an Assurance Board who will review quarterly, progress of the projects being reported through the Delivery Boards. The PMO will prepare a dashboard for each Assurance Board who will satisfy themselves that the projects are being managed in line with the agreed process and that projects remain relevant and aligned to the Delivery Plan.

**Stronger Towns Board** will have oversight of monitoring and evaluation throughout

## **SCOPE MANAGEMENT**

Maylord Orchards Library and Resource Centre is a £3 million project.

As detailed within this document, overall project management will be led by Herefordshire Council's PMO and the Project Board who will work together, with input as required from externally appointed partners to ensure that the project is developed and implemented effectively. The project will continually monitor the scope of the project and will implement the PMO's change management process to ensure that any change to scope is correctly managed.

### **Learning Resource Centre Including New Library**

A key feature of the project/ refurbishment of the atrium building will be the development of a Learning Resource Centre including a new public library (including study space) and community café. The LRC located in a prominent city centre location will provide the whole community with a wide range of services to support the development of their skills, advice and support in seeking new career or personal development opportunities.

For example the LRC will have flexible space such a rooms available (for hire to cover costs) for a wide range of community focussed services to be provided at a central and accessible location such as the DWP Youth Employment Hub, the council's Adults and Community Learning Service, the Skills Foundry, HE/ FE providers, health and wellbeing service provision (such as the NHS Health on the High Street Strategy).

The new library will provide space for students to study, supporting the growth of Higher Education services in the city such as through the development of the New Model Institute in Technology and Engineering (NMITE) and the growth of the Hereford College of Arts (HCA).

The following is a plan of the proposed location with Maylord Orchards Centre as detailed within the RIBA Stage 2 report:

# Design Development

## 6.4 / Floor Plans - Ground Floor



# Design Development

## 6.5 / Floor Plans - First Floor



## **Refurbishment of the Atrium**

The project will also refurbish the atrium (60,000 sqft) area of the shopping centre as far as possible within the available grant. The building was constructed in the 1980s, and is now very dated in appearance externally and internally. The space is underutilised. Through refurbishing the atrium area the project will create a modernised mixed use space, including opening the area for activities, meeting/ socialising area. The project will also ensure that wherever possible the refurbishment of the building will include measures to improve its energy efficient and reduce the buildings environmental impact.

## **Hub for Learning/ Skills Service Delivery**

A number of other skills focussed projects being developed as part of Hereford Town Investment Plan require a prominent city centre location as an element of their delivery such as the Rural Media Digital Culture Hub and Powerhouse. The redevelopment of Maylord Orchards could potentially accommodate some of these linked added value uses, creating a learning hub at the heart of the city centre. This would provide enhanced services to local residents, encourage people from outside the county to live and study in the city, and drive new footfall and related spend in the centre of Hereford.

## **Café**

The proposed RIBA Stage 2 design incorporates a café on the ground floor and how this café will operate is currently being developed. The following options are being considered;

- Re-use Café
- Community Café
- Commercial Café
- A Commercial Café which incorporates all outcomes from the above listed.

In the LRC or one adjoining units in the atrium building the project would establish a community café (social enterprise). The not for profit community enterprise would generate an income to support the Learning Resource Centre and other social value activities. The previous café in the shopping centre has closed leaving a gap in the available services in the area. The provision of a café would provide an additional draw to the shopping centre, but also provide facilities for those that are visiting and studying in the Learning Resource Centre to be able to socialise. This could for example provide opportunities for young people (such as through the Kickstart scheme) and or those with learning difficulties to gain work experience working in the café.

It is also anticipated that the community café will play a role in wider community engagement – providing a place for community groups to meet, an engagement point for communications regarding health and wellbeing, and a social and welcoming space to help those suffering isolation and loneliness.

## **In Scope**

- Relocation of the library from the Museum and Art Gallery to Maylord Orchards, to create a Learning Resource Centre.
- Refurbishment of the Maylord Orchard atrium, creating a more modern and attractive environment for residents and visitors (as far as possible within the available grant, following development of the LRC).

## Out of Scope

- Structural changes to the wider Maylord Orchard site.
- Consideration of any other Town Investment Plan projects considering location options in Maylord Orchards.

## Required services

- LRC established and successfully operated, including community café provision, and meeting rooms/ training rooms.
- Refurbished Maylord Orchards atrium space, modernising the current offer, improving the tenant and visitor experience. Opening up the atrium space through for example removing the escalators to provide an open space for a modern, accessible and flexible library.

## PROGRAMME/SCHEDULE MANAGEMENT

Stage/Milestone	Indicative Date
Stage 0 - Project Mandate approved	July 2021
Stage 1 - Outline business case completed	July 2021
Stage 2 - Full business case completed	June 2022
Full Council approval	July 2022
Approval to spend obtained	July 2022
Stage 3 - Delivery	February 2023
<i>Construction commences</i>	February 2023
Stage 4 – Handover	February 2024
Stage 5 - Project Closure	February 2024

This project is independent of other TIP projects so has no reliance on other timescales within the programme.

The project is dependent on securing external funding (Stronger Towns and National Heritage Lottery Fund) within the anticipated timescales.

The project is also dependent on achieving planning permission.

## RISK AND OPPORTUNITIES MANAGEMENT

Identifying and managing risks is a normal part of project management. Whilst many risks will be mitigated or accepted as part of the project management process, there may be at times, significant project risks (those whose score is over 16) that require the SRO to escalate details to the Director via the Delivery Board for entry into the Service Risk Register. If this occurs, the Project Manager will notify the Business Intelligence Team, record this action under the Project Board and monitor updates or actions around the risk. The Capital Portfolio Manager will ensure that an agenda item at the Delivery Boards reviews escalated and de-escalated risks, providing a flow of information and robust audit trail.

## Risk Transfer

<b>Maylord Orchard Redevelopment and Learning Resource Centre Risk Register</b>				
<b>Risk Number</b>	<b>Risk Description</b>	<b>Risk Score</b>	<b>Consequence</b>	<b>Mitigation</b>
1	Reputational/Financial - Project fails to secure planning permission	3	If Planning permissions is not obtained the project will face delays to delivery and cost implications	The project is primarily focussed on internal renovations to the current atrium and building. Following the completion of the Pre-Application process the project team will continue to engage with Planning Officers throughout RIBA Stages 2, 3 and 4.
2	Reputational - The Learning Resource Centre is not utilised by local residents, business, partners, etc.	6	If the LRC doesn't generate the required income to cover the service charges this would create a cost pressure on the service.	The Project team have identified existing Council services who will utilise some of the bookable spaces daily once available. In addition the rentable spaces are being designed to remain flexible to maximise their uses. The project team has also procured a consultants expertise 'Take The Current' who has produced a revenue report to strengthen the need for rentable spaces
3	Financial - The Cafe and LRC unable to generate enough income to cover the service charges/business rates	3	This would create cost pressures on the services and the café would struggle to attract operators	The Project team has been working closely with Mace and the design team to maximise the rentable spaces available in the LRC. Take The Current(A consultant procured to produce a revenue report) identified that a commercial Café ran by an external operator will generate enough income to cover its business rates and service charges
4	Financial - Project runs over budget due to incorrect assumptions at feasibility	7	The project would face value engineering to bring the cost within in budget and some objectives may not be delivered. This could also delay the project	The Project team is working closely with Mace and the Design team to look at ways achieve the projects main objectives whilst coming within budget. The Project team will also work closely with the leaders of the council to explore additional funding opportunities

5	Financial - Rise in inflation may result in an increase in costs	5	Work Packages and project requirements become over budget; VE opportunities may not be viable as works remain the same, costs changed	Value Engineering required. Scope may need to be reduced. Additional funding may be required
6	Financial - The preferred relocation of the 1st floor DWP door not accepted by the DWP	6	The project would face increased costs and a extend delivery time	The project team are working closely with property services, Maylord's Centre Manager and DWP estates team to ensure the proposed location is accepted by DWP
7	Financial - Café doesn't attract an operator	6	This would create additional cost pressures on the service and Reputational damage to the Herefordshire Council.	The Maylord's Centre Manager has already secured a community café operator who is currently using the exiting space café space. The project team will continue to work with the design team to ensure the new space is desirable to future operators
8	Reputational - The library doesn't meet statutory requirements	3	Reputational damage, cost pressures on the service	The Design team will continue to work closely with the Library services to ensure the new design provides the spaces and area required to full fill its statutory obligations
9	Financial - Unforeseen works found during fit out	5	additional cost implications and delays to the project delivery	The Project Team, Design Team are working closely with Property Services, and the Maylord's Centre Manager to understand the building fully, in addition an Intrusive Drainage Survey has be procured, Asbestos Management Survey and a Localised R&D Asbestos Survey are currently being procured
10	Resources - Unable to recruit suitable experienced Library staff	5	Delivery of the service would suffer, reputation damage	The project team is working closely with the projects Senior User and the current services to assess the needs required to run the new services(Library, LRC, Café)
11	Political - Change in political leaderships / support for the project	5	Loss of political support, leading to loss of resources.	Funder's terms and conditions and commitments made by the council, as well as cross party support will mitigate this.

12	Hidden compensation costs to tenants	7	Current Tenant of Maylord Orchard's request disruption to business compensation during physical works phase	The project team will work closely with Property services and Maylord Orchard's Centre manager to ensure the residents are kept up to date on the projects timeliness and will work with tenants to reduce the disruption to any current services.
13	Unable to procure contractor to undertake the physical work	8	Delays to project timetable and additional costs	The Project team is working closely with Herefordshire Council procurement team as Mace Ltd Procurement team who understand the current market to mitigate this risk
14	Procurement timeframes are longer than expected	8	Delays to project delivery and additional cost	The Project team is working closely with Herefordshire Council procurement team as Mace Ltd Procurement team who understand the current market to mitigate this risk
15	Stronger Towns Board Full Business Case response isn't received within the project predicted timeframe	8	The projects will not move forward if we do not received positive feedback from the STB and Central Government once the FBC have been submitted within the time frames that match the project programme	The Stronger Towns assurance process will review and recommend changes before submission to Central government

As the owners of the shopping centre and operator of the proposed Learning Resource Centre the council would ultimately be responsible for the risks relating to the projects. However, this will be mitigated through:

- Procuring appropriately qualified (with relevant indemnity insurance) professional services to design the development, undertake full building condition surveys etc.
- Procuring qualified contractor to deliver the capital works to time and budget.
- Seeking appropriately qualified (with relevant indemnity insurance) professional advisers regarding the development and operation of the LRC, including review of revenue income opportunities.
- Currently experienced and qualified council staff will operate the library.
- Options for the operation of the proposed community café will be fully explored, for example franchising to or creation of a social enterprise.

## Constraints and Dependencies

Initiatives which depend on this project are:

- The extent of the changes to the building and the space will be constrained by current uses and tenants.
- The project is dependent on the library moving out of the Museum building, which is subject to another towns fund application.
- The LRC will be dependent on generating income from the community café and the hire of meeting rooms etc from the service providers identified above.

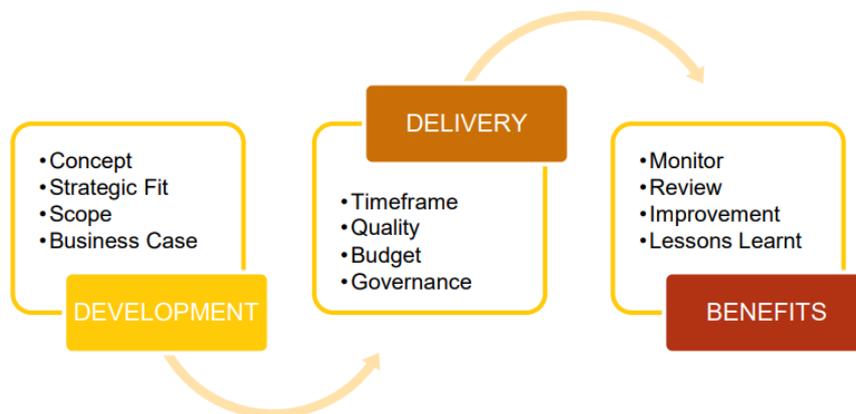
### This project depends on:

If the development of the Museum and Art Gallery were not to proceed, the project team would need to consider the implications on this project, if any.

This project also depends on receipt of the Stronger Towns funding.

## PROJECT MANAGEMENT

As outlined above, the project is overseen by Herefordshire Council's PMO. The Programme Management Office team of Portfolio Managers, Programme Managers, Project Managers and Project Support drive delivery of capital and transformational projects across the Directorates.



The Project Manager will take control of the day to day actions and manage the project as closely as possible, this will include but are not limited to:

- Monitoring and managing project actions and progress and reporting to the SRO where the budget, timescales or quality is under threat or any other significant issue.
- Recording and managing project risks and issues and escalating where necessary.
- Managing project scope and initiating change control where necessary.
- Approving spend against the project budget, under their control, and monitoring the project budget in conjunction with the Finance lead whilst providing regular updates to the SRO.
- Monitoring the Communications Plan in conjunction with the SRO and Communications Lead.
- Monitoring the progress of legal requirements in conjunction with SRO and Legal Lead.
- Monitoring the progress of planning requirements in conjunction with SRO and Planning Lead.
- Co-ordinating & monitoring the development & approval of all governance reports
- Co-ordinating & monitoring all project reporting & updates as required
- All templates for managing the project will be via Verto (the council's project management system)

## **Governance**

Individual Project Boards report into Delivery Boards who are in turn monitored by the Assurance Board. The Capital Programme Board represents the highest level of officer involvement and accountability; allocating feasibility funding and having oversight of all projects.

## **STAKEHOLDER ENGAGEMENT**

Stakeholder engagement is detailed on page 11 of the Strategic Case section, and within Appendix 4, Consultation Strategy.

## **BENEFITS, MONITORING AND EVALUATION**

### **Cashable benefits**

- Potential income from the community café supporting the operational cost of the LRC
- Potential income from meeting room hire/ learning facilities supporting the operational cost of the LRC

### **Non-cashable benefits**

- Refurbished and modernised mixed use centre (60,000 sq ft) attracting people to visit and spend.
- Creating new job opportunities in the city through encouraging increased trade.
- Improving quality of life for local people through the new LRC
- Providing a prominent city centre location for public services to engage local people.
- Supporting the improvement of skills of local residents.
- Improved public sector service delivery through enhanced community engagement.
- Opportunity to review the delivery model of the library service to ensure it meets required need and can support council objectives and priorities

### **Dis-benefits**

- Disruption to library users during the relocation of the service. We will seek to ensure disruption is minimised as far as possible.
- Disruption to tenants and visitors to Maylord Orchards during construction works – particularly any significant changes to the atrium entrances, escalators and lift. We will seek to ensure disruption is minimised as far as possible.

### **The Environmental Case**

The project will modernise a dated 1980 shopping centre, seeking wherever possible to improve the environmental impact of the dated building. Refurbishing rather than seeking to demolish and rebuild the current atrium space will re-use the core of an existing building. The creation of a more open streetscape will reduce the heating and air management requirements of the current atrium space. Replacement of internal lighting will utilise LEDs. The council will investigate the potential to remove the current escalators (energy inefficient) and replace the existing lift with a more energy efficient alternative.

The proposed reuse café will provide a focal point for recycling, and will focus on the use of local produce and potentially offering employment opportunities to disadvantaged groups.

### **Equality Impact Implications**

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows

A public authority must, in the exercise of its functions, have due regard to the need to:

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the public sector equality duty when taking any decisions on service changes.

Modernisation of the shopping centre will improve accessibility for all ages and mobility needs. For example, public toilet facilities meeting the highest standards of access for people with a disability. Also the library and learning centre will be fully accessible, addressing some of the access issues at the current library caused by problems with lift access.

The learning centre and library space will be open to all, aiding the development of skills to enable people to access higher value employment opportunities and improve their health and wellbeing. Adult Learning Services will deliver courses to improve people's skills and there will be space in the resource centre and library to work with partners to deliver events and activities to promote positive health and wellbeing agendas.

The café connecting to the library will provide a safe space for social engagement and delivery of public services.

The full Equality Impact Assessment is attached, Appendix 7.

### **Health & Safety Implications**

The Project Board has oversight of all health and safety risks for the project. Health and safety are key components of the design planning, and extensive consideration is detailed within the RIBA stage 2 report, Appendix 2.

All appointed providers must also adhere to health and safety requirements as detailed within the Council's contract agreements, specifically:

- The Provider shall promptly notify the Council of any health and safety hazards, which may arise in connection with the performance of the Agreement. The Council shall promptly notify the Provider of any health and safety hazards that may exist or arise at the Council's Premises and that may affect the Provider in the performance of the Agreement.
- While on the Council's Premises the Provider shall comply with any health and safety measures implemented by the Council in respect of staff and other persons working on the Council's Premises.
- The Provider shall notify the Council immediately in the event of any incident occurring in the performance of the Agreement on the Council's Premises where that incident causes any personal injury or damage to property that could give rise to personal injury.
- The Provider shall comply with the requirements of the Health and Safety at Work etc. Act 1974 and any other acts, orders, regulations and codes of practice relating to health and safety, which may apply to staff and other persons working on the Council's Premises in the performance of the Agreement.
- The Provider shall ensure that its health and safety policy statement (as required by the Health and Safety at Work etc Act 1974) is made available to the Council on request.

### **Social Value Implications**

The project development and procurement processes will be guided by Herefordshire Council's Social Value Toolkit and Framework. This Framework ensures that for each procurement exercise with a value of over £75,000, Herefordshire Council will identify which of the Social Value Pledges and Key Value Indicators are relevant and proportionate to be included in each contract for inclusion.

To enable Herefordshire Council to ensure their commissioning and procurement provides the most effective response to Social Value, it is important to provide clear information on the council's Social Value position. Herefordshire Council's Social Value Pledges are:

- **Social and Community** - strengthen communities to ensure that everyone lives well and safely together.
- **Health and Wellbeing** - sustain resilient people and communities, increasing both physical and mental wellbeing.
- **Crime and Justice** - support our local people, communities, and businesses to feel safe in their homes, communities, and places of work.
- **Economy** - develop a strong local economy which builds on our rural county's strengths and resources.
- **Education and Skills** - develop and increase high quality education and training that enables local people to fulfil their potential.
- **Jobs** - support local businesses to grow jobs and keep unemployment rates low to help our rural county prosper.
- **Environment** - protect and enhance our environment and keep Herefordshire a great place to live and work.
- **Leadership** - Herefordshire Council to lead and encourage others to adopt forward-thinking strategies that develop, deliver, and measure social and local value.

Through understanding the priorities for the county, the council can promote the delivery of Social Value where it will have the most significant impacts for the residents of Herefordshire. Aligned to each of the pledges are key value indicators and their associated supplier commitments. These are provided in the framework spreadsheet available to all suppliers during the tender process. This approach ensures transparency for all types, legal structures, and sizes, of organisations when responding to social value questions in tender opportunities.



