

Title of report: Hereford City Centre Improvements (HCCI)

Decision maker: Cabinet member Infrastructure and transport

Decision date: Thursday, 7 October 2021

Report by: Interim Director of Economy and Place

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.

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 provide an update to HCCI project elements and associated spend profile from that outlined within the 3 December 2020 Cabinet Member decision, and to grant delegated authority to the Director of Economy and Place in consultation with the Chief Finance Officer to progress and deliver the project elements within the outlined budget.

Recommendation(s)

That:

- a) **The following elements of the Hereford City Centre Improvements programme are progressed in place of these originally set out in the cabinet report dated 3 December 2020:**
 - a. **High Town existing enhancements**
 - b. **High Town area minor works**

- c. **Market and event infrastructure**
 - d. **CCTV enhancements**
 - e. **Façade improvement grants / business grants**
 - f. **Cathedral and River Wye Quarter design**
 - g. **St Owen's Street cycle contraflow**
 - h. **Widemarsh Street kerb improvements**
 - i. **Cathedral & River Wye Quarter planters**
 - j. **City Link Road planters and Trees**
 - k. **City Greening**
 - l. **"City Trees"**
 - m. **City green cycle shelters**
 - n. **Public art/Installations**
 - o. **Hostile Vehicle Mitigation**
 - p. **Programme project management**
- b) **The Director for Economy and Place be authorised to take all operational decisions necessary in consultation with the Chief Financial Officer to progress and deliver the programme elements within the overall programme budget outlined within paragraph 17 of the report on a programme basis across the projects; and**
- c) **The Chief Financial Officer be authorised to vary the grant funding agreement if acceptance of the updated project elements and spend profile outlined within this decision is received from the Marches LEP.**

Alternative options

1. Not to progress with the project. This is not recommended as this will either reduce investment in Hereford city centre which is not consistent with the council's corporate policy to support the local economy and growth or place additional pressures on the Council's capital programme.
2. To payback the Marches LEP grant funding and continue the scheme with Council capital only. This is not recommended as it will reduce the overall budget to £3m for investment within Hereford city centre reducing the programme scope and impact.

Key considerations

Scheme Background:

3. Hereford City Centre Improvements are designed to support the local economy and enhance the retail environment. The refurbishment scheme is contributing to the delivery of the Herefordshire Streetscape Strategy to create an attractive, vibrant city centre to help support existing businesses and create new opportunities to encourage more visitors and retailers.
4. The original HCCI project comprised:
 - a. High Town refurbishment
 - b. St Owen's Street cycle contraflow
 - c. City centre on street parking charging (complete)
 - d. Resident parking in areas around the city centre (complete)
5. On 21 July 2016 Cabinet considered consultation feedback and authorised the implementation of the proposals for the Hereford city centre improvements project. This decision can be viewed using the following link:
<http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?Ild=50017877&Opt=0>
6. To date two phases of the original High Town public realm refurbishment scheme set out in the cabinet report above have been delivered along with the implementation of on street parking charging and residents parking elements.
7. A feasibility business case was developed to support a capital funding bid to continue the development of the HCCI project. As part of the request for further capital funding the extents of the HCCI project were extended to include an area to the west of High Town. This includes Broad Street, King Street, Bridge Street and other smaller streets in the vicinity referred to as the Cathedral and River Wye Quarter. The inclusion of the HCCI project of this scope within the Capital Programme 2019/20 was approved by Full Council on 15 February 2019. This decision can be viewed using the link below:
<http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?Ild=50029532>
8. A bid was submitted to The Marches LEP for funding for the HCCI project in June 2020 from the Getting Building Fund. The bid was selected by the LEP as one of the projects to be funded and was allocated £3m funding, to be matched by £3m from the council's Capital funding. By accepting the grant funding this reduced the overall requirement for council capital funding for the project by £2.5m.
9. Following the award of the grant funding the cabinet member infrastructure and transport took a decision 3 December 2020 which approved the continuation of the public realm improvement scheme in the High Town area and the development of a public realm improvement scheme for the Cathedral and River Wye Quarter. The decision also authorised acceptance of the £3m grant from the Marches LEP and that the council's capital programme be updated accordingly. This decision can be viewed using the following link:
<http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?Ild=50036070>

Cabinet Member Decision – 3 December 2020

10. The cabinet member decision taken on 3 December 2020 outlined the following HCCI elements as the initial programme of works for development and delivery within a budget of £1.652m :
- a. **High Town Area (£100k)** – to undertake a review of the existing High Town design, to include a review of the material palette, street furniture and the layout of hard and soft landscaping. To evaluate the elements of public realm completed to date to consider and design further enhancements or amendments.
 - b. **Cathedral & River Wye Quarter (£150K)** – to develop an outline design for improvements to the area and to undertake consultation on the proposals. Following the completion of the outline design, a detailed design will be developed taking on feedback received from consultation which will lead to construction.
 - c. **Streetscape & Green Infrastructure (£1402K)** – design and delivery of:
 - Street furniture including benches and bins
 - Trees and soft landscaping
 - Public art
 - Provisions to maintain public safety including the risk of errant vehicles
 - Cycle storage provision
 - Street lighting
 - Improvements to the facilities for markets and events
 - Measures to improve air quality
11. In the event that the expenditure on the design review, Cathedral and River Wye Quarter outline design and streetscape elements as forecast was not sufficient to meet the required spend profile of the grant funding, additional paving materials were to be procured based on the existing High Town design. Total anticipated spend in 2020/2021 was £1,505,000 which was consistent with the minimum spend of £1,500,000 required by the conditions of the LEP grant.

HCCI Spend 2020/2021

12. As a result of delays and issues with procurement of some streetscape and green infrastructure elements and delay to the Cathedral and River Wye quarter design commission the required spend of £1,505,000 was not achieved and a Freedom and Flexibilities arrangement was entered into with the Marches LEP to manage the risk of loss of funding.
13. This arrangement resulted in the following spend in 2020/21 as follows:

	£
LEP Spend – HCCI project	160,956.66
HC Spend – HCCI project	17,536.00
Freedom & Flexibilities Spend (Marlbrook School)	1,389,000.00
Total Spend (2020/21)	1,567,492.66

14. This arrangement ensured no 2020/21 LEP grant was lost and enabled freedom and flexibilities monies to be available for HCCI in 2021/2022.

HCCI Delivery 2021/2022

15. A briefing with cabinet members on the approach to the delivery of the HCCI in the 2021/22 financial year was undertaken in May 2021. This identified a desire to reconsider the elements of the project to be taken forward and in particular the scale of investment in the High Town paving works.
16. Following this briefing the Marches LEP was approached to explore potential changes to the scope of works and expenditure profile. The LEP indicated a willingness to consider alternatives and a draft second freedom and flexibilities letter was received in June setting out a proposed programme to ensure the remaining LEP grant funding is spent in 2021/2022.
17. A further briefing was held with cabinet members in September to confirm what elements from that letter were acceptable. The table below outlines the revised elements and reflects the cabinet’s ambitions for investment in the city centre.
18. To meet the LEP minimum spend requirements for 2021/22 and 2022/23 and to demonstrate a cohesive and coherent programme the following programme elements and expenditure are now recommended:

Description of project cost:	Match Funding (Costs to be funded by the Herefordshire Council) £	Getting Building Funding £	Total Cost including VAT if applicable £
High Town Existing Enhancements	17,500	554,907	572,407
High Town Area Minor Works	143,597	68,045	211,642
Market and event infrastructure	0	30,500	30,500
CCTV	30,500	30,000	60,500
Façade improvement grants/Business Grants	500,000	0	500,000
Cathedral & River Wye Quarter Design	200,000	140,000	340,000

St Owen's Street Cycle Contraflow	0	700,000	700,000
Widemarsh St kerb Improvements	565,000	150,000	715,000
Cathedral & River Wye Quarter Planters	0	262,500	262,500
City Link Road Planters	0	570,191	570,191
City Greening	300,000	62,000	362,000
"City Trees"	105,740	214,260	320,000
City Green Cycle Shelters	30,000	0	30,000
Public Art/Installations	243,000	0	243,000
Hostile Vehicle Movement	500,000	0	500,000
HCCI Project Management Costs	365,065	217,597	582,260
Totals	3,000,000	3,000,000	6,000,000

19. This combination of projects achieves the required level of capital spend for this financial year meeting contractual commitments and some expectations. It also provides a strong narrative and context for the introduction of city greening proposals with the combination of planters, in ground trees and demonstration projects. This blend of projects establishes an approach to city greening which can be followed through to the City masterplanning linking legibility, movement, wayfinding context and setting.
20. The revised HCCI programme has removed the construction elements for High Town and the Cathedral and River Wye Quarter. At this time and after careful consideration it has been determined not to proceed with the refurbishment scheme to High Town to reduce the impacts of construction works on trading, particularly during the covid-19 recovery. Increased risk around cost of materials and diversion of utilities has also attributed to this recommendation. The removal of the construction element for the Cathedral and River Wye Quarter is principally due to the extended period of programme construction to 2 quarter 23/24 and inherent risks at this time due to likely cost inflation over an extended period. This construction will be delivered through HC capital programme once design/construction costs are known and stabilised. The likely vehicle for this will be as identified through the City Vision Masterplan capital programme which will be reported to cabinet and full Council. The design content for the Cathedral and River Wye Quarter will continue and is currently in the process of contract award.

21. The St Owen's Street cycle contraflow and Widemarsh Street kerb improvements now form part of delivery in the HCCI programme. These are important projects to support investment already made in the central area with full schemes starting this year and through next financial year providing continuity on design and approach to city centre public realm. Cost reviews are to be undertaken on the Balfour Beatty design proposals for schemes that will provide an independent review for robustness of the designs before proceeding to procurement and construction.
22. Herefordshire Council project management costs have now been capitalised to the HCCI programme and projects and are included within the capital budget to ensure the cost of appropriate resource to deliver this programme is understood and allocated appropriately.
23. The Marches LEP has been presented with the revised programme and spend profile outlined within this decision report and the matter will be considered at their next board meeting. A formal response is anticipated outlining the LEP's decision once the appropriate Herefordshire Council governance is in place.
24. If the Marches LEP confirm their acceptance to proceed with the project as outlined within this report then a revised contract will be drafted which will be signed by all parties. To ensure appropriate spend is achieved in this financial year a second Freedoms and Flexibilities agreement will be required to enter into with the Marches LEP. This will ensure that no 2021/2022 LEP grant is lost and will secure the delivery of the project in subsequent years.
25. Should the Marches LEP not approve the updated project elements and spend profile then a further governance decision will be required to confirm next steps and proposed funding for the HCCI project.

Community impact

26. The Herefordshire Council Local Transport Plan 2016 – 2031 includes the HCCI as a package of works to make the city a more attractive place to visit and to provide a pedestrian and cycle friendly environment. It is intended that there will be a benefit to wide range of people and groups within the business and resident community.
27. The HCCI proposals also contribute to the County plan (2020 – 2024) which outlines the ambitions for the council over the next four years. These are:
 - i. Protect and enhance our environment and keep Herefordshire a great place to live.
 - ii. Strengthen communities to ensure that everyone lives well and safely together.
 - iii. Support an economy which builds on the county's strengths and resources.
28. The Herefordshire Council Delivery Plan 2020-2022 identifies that in the light of the Covid 19 pandemic the council seeks to reorder some of its plans and strategies capture, strengthen and increase the pace of change in some areas including Hereford City Centre and our market towns being reimaged, refocused and transformed as the way in which we live, work and play has dramatically changed even in the space of a few months.

29. The HCCI project will provide better access, improve the space and liveability of the area and provide an improved and consistent approach to the city centre which will bring economic benefits to the city centre.

Environmental Impact

30. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
31. Transport and transport infrastructure are currently significant contributors to carbon emissions in both embodied and operational carbon. Both new and existing infrastructure has the potential to impact the ecological environment in the area surrounding that infrastructure. The public realm improvements provide an opportunity to support a mode shift from cars to public transport, walking and cycling through enhanced provisions for these alternative modes. This will make the access to and circulation within this area more attractive for non-car modes, whilst maintaining provision for those for whom car use is essential.
32. The development of the design for the Cathedral & River Wye Quarter will incorporate the lessons learnt from the pedestrian and cycle measures introduced as part of the response to the Covid 19 pandemic. This will support the inclusion of active travel elements in the scheme design.
33. The package of streetscape and green infrastructure elements will provide an opportunity to make a considerable enhancement to the soft landscaping and biodiversity within the city centre area. This will be achieved through a significant increase in tree planting, using above ground planters where necessary to maintain flexibility and as a result of significant below ground obstructions. Opportunities for further biodiversity enhancements through the use of green roofs on cycle shelters will also be accommodated where feasible.
34. Measures to make improvements to air quality within the city centre area will also be developed as part of the package of streetscape and green infrastructure elements. By making provision for measures within the HCCI, this provides the opportunity to improve air quality in the HCCI area and realising the benefits to people visiting and working in this area.

Equality duty

35. 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.
36. When redesigning the public realm in our city and town centres we are committed to working with user groups to ensure the design improves access for all. Through careful design of layouts and materials we can help make it easier to move around and access shops and services.
37. Changes in the public realm in this key city centre area which is accessed by large numbers of visitors, shoppers and workers has the potential to have a high impact including the potential for negative impacts on those with protected characteristics. It will be essential that the needs of users are reflected in the development process as schemes progress. Further Equality Impact Assessments (EqIA) will be carried out during the scheme development process to understand potential positive and negative impacts the scheme may have on each of the nine protected characteristics and on any other vulnerable groups.

Resource implications

38. The December 2020 Cabinet Member decision set out the project elements, programme and spend at that time. This decision can be viewed using the following link:
- <http://councillors.herefordshire.gov.uk/mglsueHistoryHome.aspx?IId=50036070>
39. The following tables outline the revised scope, spend and funding sources which are profiled between project elements within the overall programme budget of £6m:

Capital cost of project	2020/21	2021/22	2022/23	2023/24	Total
	£	£	£	£	£
High Town existing enhancements	178,493	393,914			572,407
High Town Minor Works		21,535	190,107		211,642
Market and Event Infrastructure		30,500			30,500
CCTV enhancements		27,500	33,000		60,500
Business Grants			160,000	340,000	500,000
Cathedral and River Wye Quarter Design and Consultation		70,000	195,000	75,000	340,000
St Owen Street Cycle Contraflow		54,750	645,250		700,000
Widemarsh Street Kerb Improvements		169,294	545,706		715,000
Cathedral and River Wye Quarter Planters		262,500			262,500
City Link Road Trees and Planters		570,191			570,191
City Greening		90,000	172,000	100,000	362,000
“City Trees”		20,000	300,000		320,000
City green cycle shelters		30,000			30,000
Public Art Installations			113,000	130,000	243,000
Hostile Vehicle Mitigation			270,000	230,000	500,000
Project Management		185,263	323,303	73,694	582,260
TOTAL	178,493	1,925,447	2,947,366	948,694	6,000,000

Funding streams	2020/21	2021/22	2022/23	2023/24	Total
	£	£	£	£	£
LEP Getting Building Grant	160,957	1,389,000	1,450,043		3,000,000
Capital Programme / Prudential Borrowing	17,536	536,447	1,497,323	948,694	3,000,000
TOTAL	178,493	1,925,447	2,947,366	948,694	6,000,000

40. Project elements identified for delivery in this financial year and in 2022/23 will be commissioned through the Balfour Beatty Living Places (BBLP) public realm contract. This procurement route has been identified to achieve the timescales associated with the funding agreement and for continuity through knowledge of the schemes that BBLP already have. This excludes the delivery of the CCTV enhancements and the Cathedral and River Wye Quarter design which will be delivered outside of the PRC following an open market procurement in accordance with the council's contract procedure rules. Delivery of remaining project elements City Trees/Public Art Installations/Hostile Vehicle Movements/shop front improvements in subsequent financial years will be the subject of a further procurement strategy in accordance with the council's contract procedure rules.
41. The delivery of a large programme of planting and streetscape landscape will require annual maintenance for which there is not existing revenue budget. Initial estimates of the watering requirements suggest an annual revenue budget of approx. £80K will be required. There will also be revenue maintenance of the hostile vehicle movement and

city tree infrastructure for which there is no revenue funding and this cost cannot be calculated at this time until this infrastructure design is developed further. Unless additional funding is found for this some existing public realm maintenance activities will need to be stopped.

Legal implications

42. There are no additional legal issues to bring to the Cabinet Member's attention that are not already set out in the body of the report.

Risk management

43. Key risks for the project and their mitigation are indicated below:

Risk / opportunity	Mitigation
<p>The ability of programme to meet the minimum spend requirements of the funding agreement has been considered and it has been necessary and the proposed project scope does not included significant reconstruction projects. It is intended these will be funded as part of the city masterplan programme. Funding will need to be sought for these elements previously to be funded through the HCCI budget.</p>	<p>The masterplan approach will enable a clear cohesive plan to be developed for the city which will be a strong basis for seeking funding opportunities.</p>
<p>Not delivering the spend profile if agreed with the LEP could result in payback of the LEP grant.</p>	<p>Focus of initial elements of work on the areas of the project that have been developed previously to enable early start on works and expenditure and a delivery approach that encompasses use of existing contracts and competitive procurement procedures for initial elements of work that supports the necessary spend profile has been adopted.</p>
<p>At this stage it should be noted that budgets and timelines for some additional elements remain high level and therefore there remains a risk that these may vary. In particular two scenarios could have an impact on the ability to achieve the spend requirement:</p>	<p>Robust programme management of this project on Verto will ensure programme and cost control. This will ensure timely decisions can be taken to mitigate this risk. An appropriate amount of delivery is allocated to projects within the programme based there delivery status,</p>
<p>If the programme of delivery of any of the elements slips, for example as a result of the need to undertake additional consultation to reach agreement on elements of detail, this will have a significant impact on the overall expenditure.</p>	
<p>If the outturn cost of the elements varies from estimated costs that are assumed in the high level budget. Given the time available to develop budgets for some of the additional elements has been limited this risk is significant.</p>	

Significant risk that an increased capital investment will lead to revenue implications for maintenance.	The delivery of a large programme of planting and streetscape landscape will require annual maintenance for which there is not existing revenue budgets. Initial estimates of the watering requirements suggest an annual revenue budget of approx £80K will be required. There will also be revenue maintenance of the hostile vehicle movement and city tree infrastructure for which there is no revenue funding and this cost cannot be calculated at this time until this infrastructure design is developed further. Unless additional funding is found for this some existing public realm maintenance activities will need to be stopped.
The ability of the market to respond and deliver in the required timescales.	Continue to identify delivery routes early and market engagement to make the market aware of upcoming requirements.
Impact of undertaking construction works on businesses emerging from COVID-19 situation causing additional pressure on businesses.	Continue liaison with businesses throughout development and delivery of project.
Grant funding time constraints limit extent of consultation possible.	Work with key stakeholders who can support accelerated consultation where required on initial delivery elements. Sequence works to enable initial elements to be those for which there is greater certainty on what is to be delivered allowing further time to confirm and agree remaining elements.
Aspirations identified in the consultation cannot be achieved within the current constraints. This could impact public acceptance of the scheme.	Ensure engagement and consultation is framed around scheme objectives.

44. The project is managed through the councils Verto project management system. Risks are reviewed and rated by the project board each month and reported to the programme board. Where indicated by the project or programme board, risks are escalated to the directorate and corporate risk register.

Consultees

45. Political Group Consultation of this decision has been undertaken which provides an opportunity for all members to comment prior to the decision being taken. The following responses were received:
- Cllr Andrews requested that all city councillors are updated about the project.
 - Cllr Stark have stated that he had no issue with the project and LEP grant funding but cited the project as another example of investment being focused on Hereford at the expense of other areas in the county.
 - Cllr Milln provided detailed feedback and queries for each element of the HCCI programme. These are attached as Appendix 1. Subject to this decision these queries will be considered as the detailed design and delivery of the programme is progressed.
46. Further stakeholder engagement and public consultation will be undertaken both as part of the development and delivery of further elements of the project.

Appendices

Appendix 1 – consultation feedback

Background papers

None