

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:

- 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 lowest¹ 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 65², 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*

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

² [Economy & place - Understanding Herefordshire](https://www.herefordshire.gov.uk)

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) – 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 a 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.

Revenue or Capital cost of project (indicate R or C)	PY	2022/23	2023/24	2024/25	Total
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
Total	3,135	2,191,766	13,585,802	6,106,069	21,886,772

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2022/23 (including previous year)	2023/24	2024/25	Future Years	Total
Hereford Museum & Art Gallery					
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
Maylord Orchards					
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
Programme Total	2,168,000	13,532,000	5,800,000		21,500,000

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 delivery of these projects.

Risk management

Risk	Mitigation
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. 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 major development to benefit both residents and visitors to the county and the opportunity to support the local visitor economy.	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.
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.	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).
Changes in government Stronger Towns funding programme, leading to reduced funding, meaning the scope of the	Final funding decisions in relation to Stronger Towns fund will be made between June and September 2022, with confirmation of how much

projects would need to be revised to meet the new budget.	<p>Stronger Towns funding we have secured for the projects.</p> <p>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>
Change of administration during project development period resulting in a change in council priorities, delaying or questioning the project's value/futures.	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.
Timescales for National Heritage Lottery funding and Stronger Towns fund do not match, and may cause delays.	<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>
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.	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>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>Library and Learning Resource Centre: 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>Hereford Museum and Art Gallery: 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>
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.	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>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>Library and Learning Resource Centre: 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>Hereford Museum and Art Gallery: 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 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 receive 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 in 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
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