

# 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

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# 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.

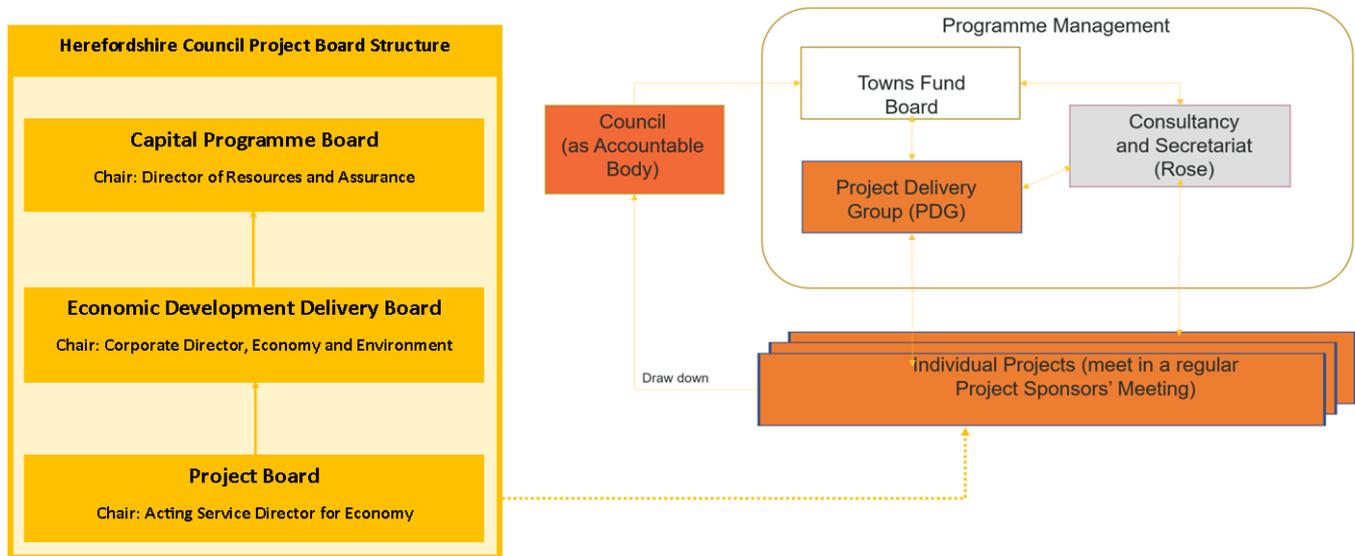
A sensitivity analysis has been undertaken on visitor figures which shows a worse case (55,000 visitors) and best case (75,000 visitors). The report also provides a detailed assessment of likely income available to museums have been considered to ascertain the best mix to enable the new museum to be 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**

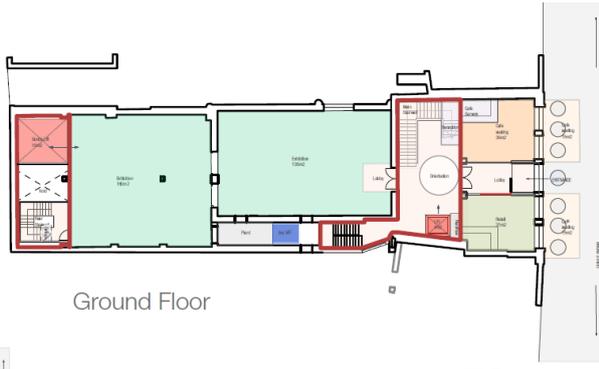
The full extent of the redevelopment of the building is covered in detail in the RIBA stage 2 report (appendix 2). This Full Business Case should be read in conjunction with the RIBA Stage 2 report, detailed cost plan (appendix 3) and the Take the Current Income Generation Plan (appendix 1) as key supporting 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**

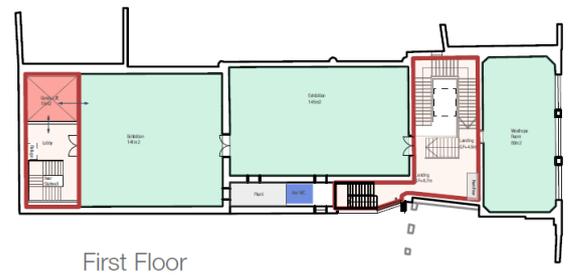
The fundamental exhibition strategy for the museum and gallery redevelopment is to engage people with the narratives of Herefordshire's heritage and culture in their widest sense - its histories and stories, the landscape, the people that make up the county, and their interaction within the region and 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.

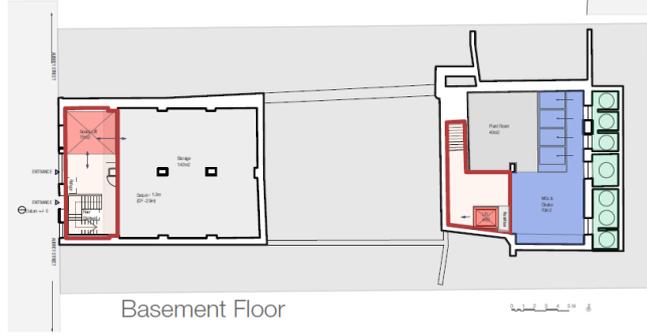
Proposed floor plans are shown on the following page, and can also be viewed within appendix 2, RIBA stage 2 report, pages 61- 68:



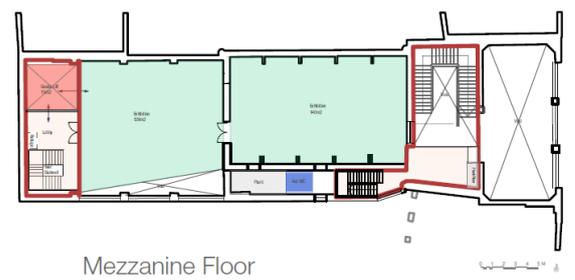
Ground Floor



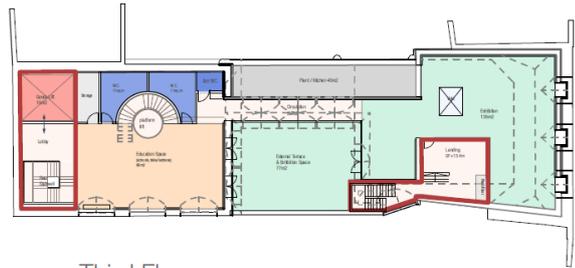
First Floor



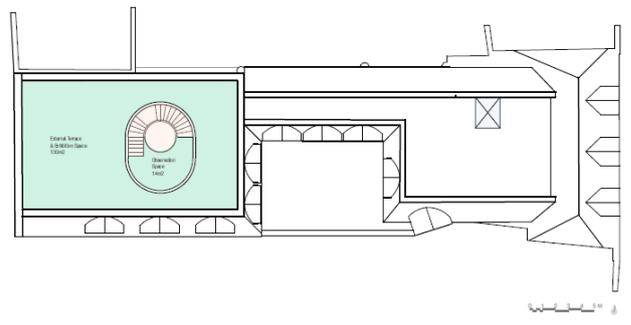
Basement Floor



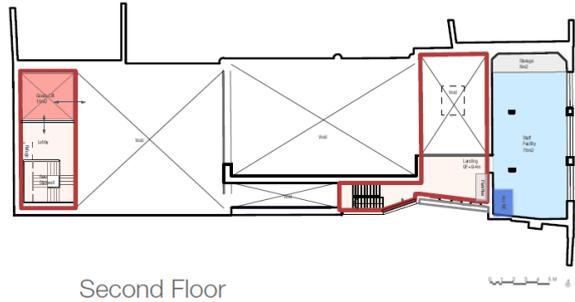
Mezzanine Floor



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**

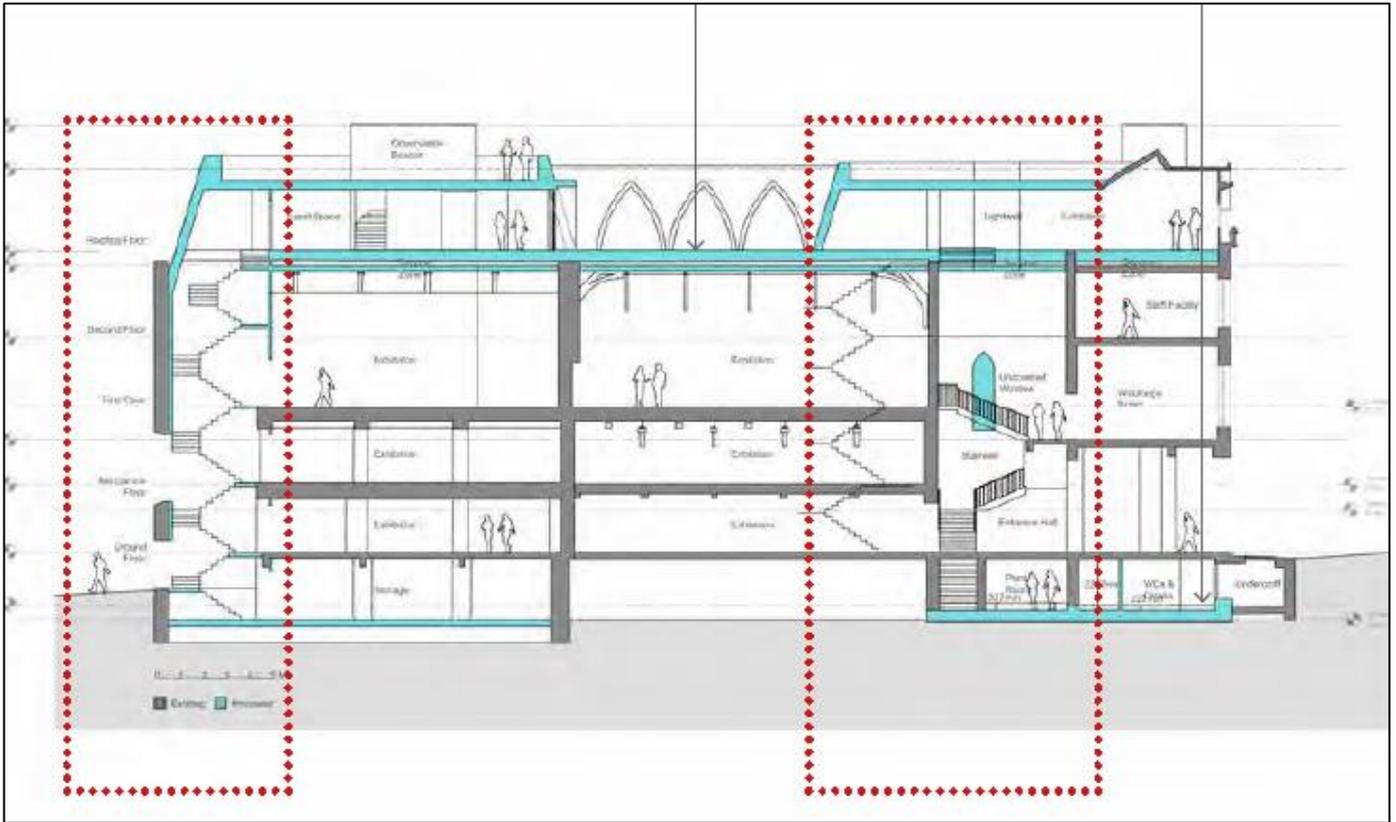
Page 19 of the RIBA Stage 2 report (appendix 2) details the different spaces and uses that will be created through the project. Section 6 (page 31) onwards contains the heritage report and key findings. The Heritage report has fully informed the development of the design, ensuring that the history of 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.

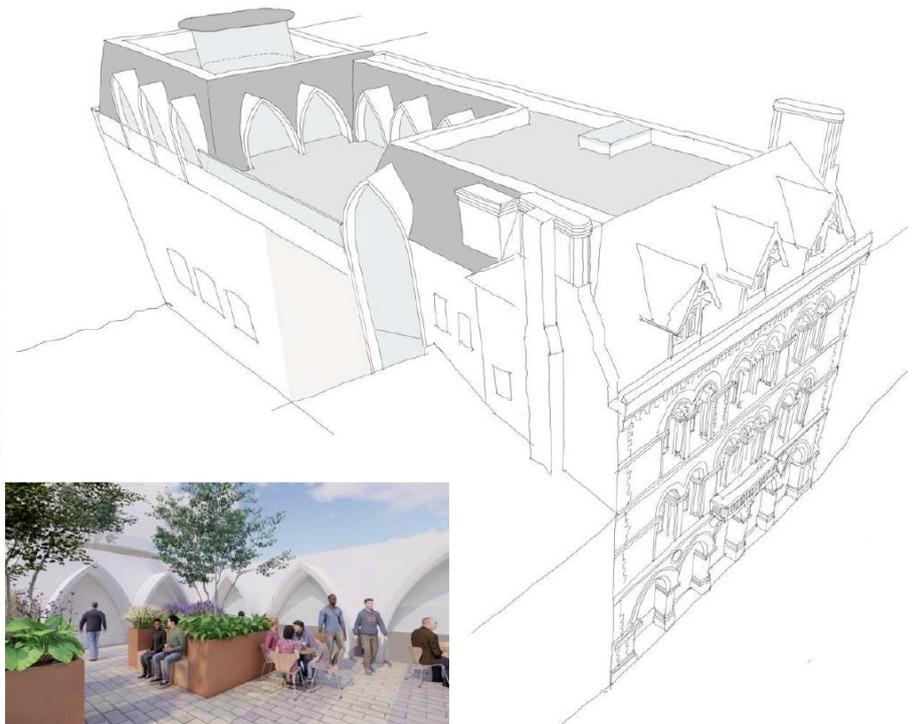
As an example of the detailed designs available in in the RIBA stage 2 report, the following design considers the circulation of people throughout the building, opening up the current inaccessible rooms within the Grade 2 element, and the introduction of the proposed roof terrace and viewing platform 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	1. Scope to Enhance Retail Engagement and Footfall  2. Limited Utilisation of Heritage Assets "USP"  3. Underperforming Visitor Economy	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. Increase in capacity and accessibility to new or improved skills facilities  3. Increased benefit for the public education over the long term	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.

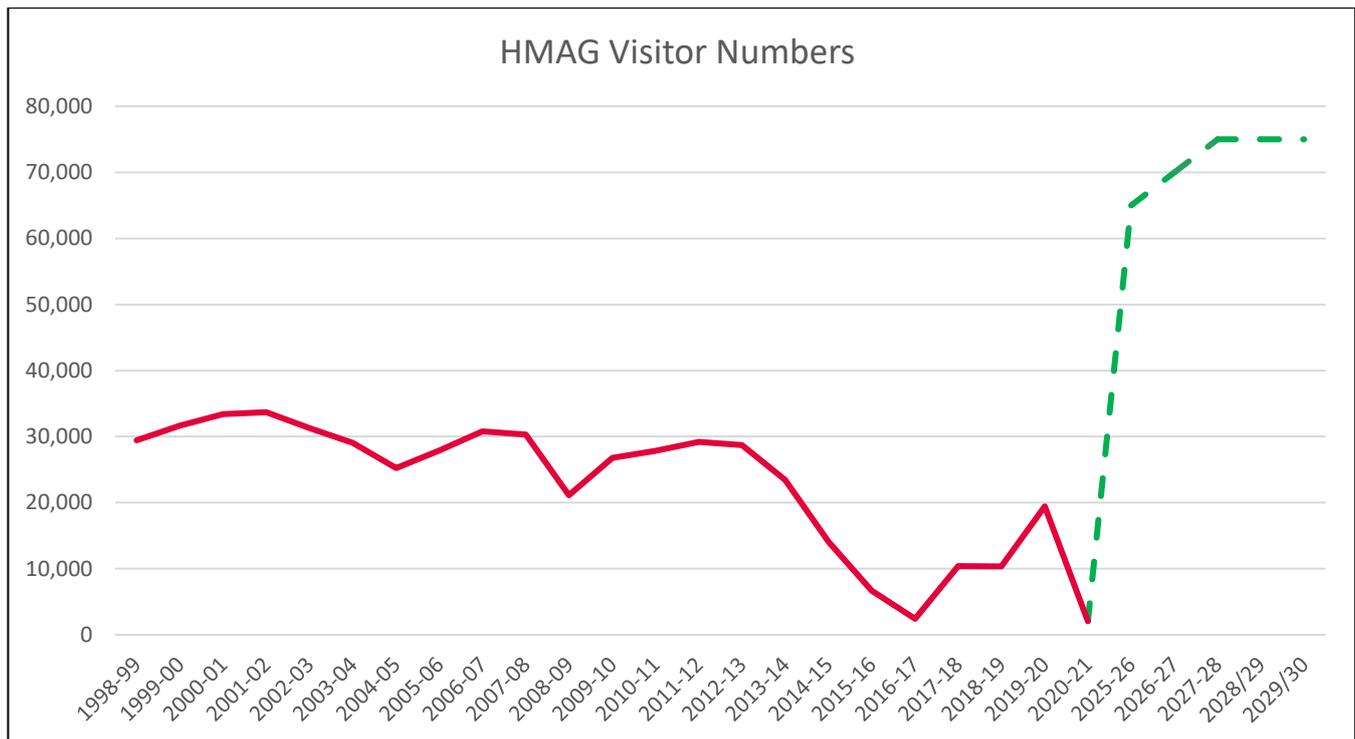
Need for change for local communities – at present thousands of local artefacts are in storage due to the lack of a place to display them. The project will provide enhanced space to display local heritage artefacts, for local engagement and education. In particular, the Viking Hoard would only be available 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

<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>

<b>Revenue budget implications</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>Future Years Average of Yrs 4 - 8 once fully open</b>
<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 204/25 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.

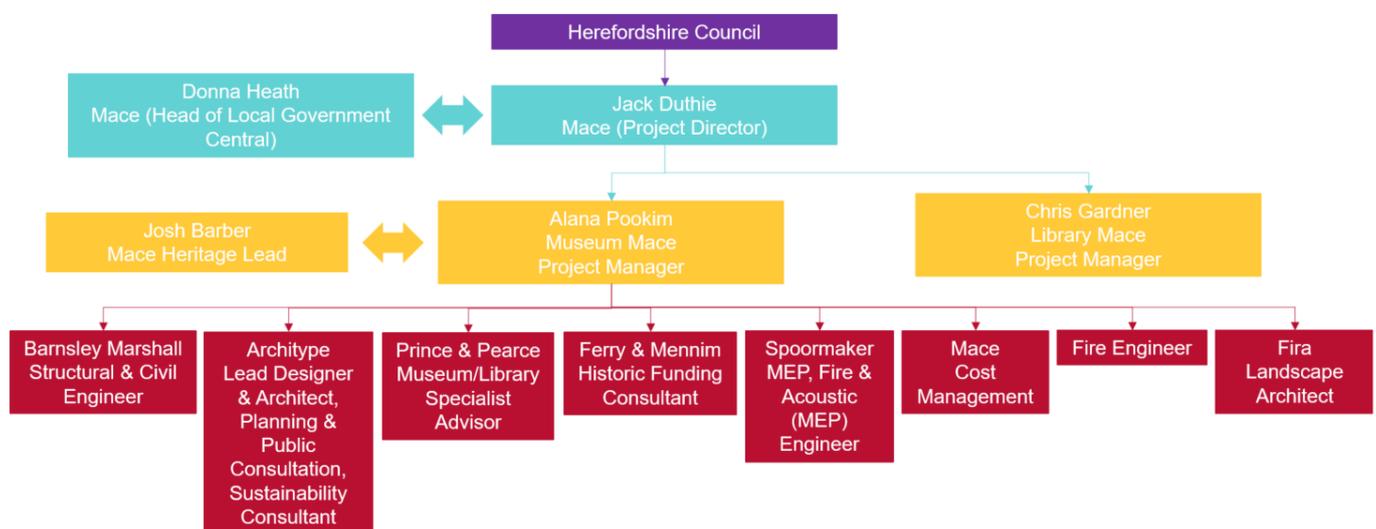
**Barnsley Marshall**, Mace's selected Structural and Civil Engineers are passionate about design and believe that great Architecture and design, supported by sound engineering, creates better buildings and environments that improve the quality of people's lives, bringing tangible social and economic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

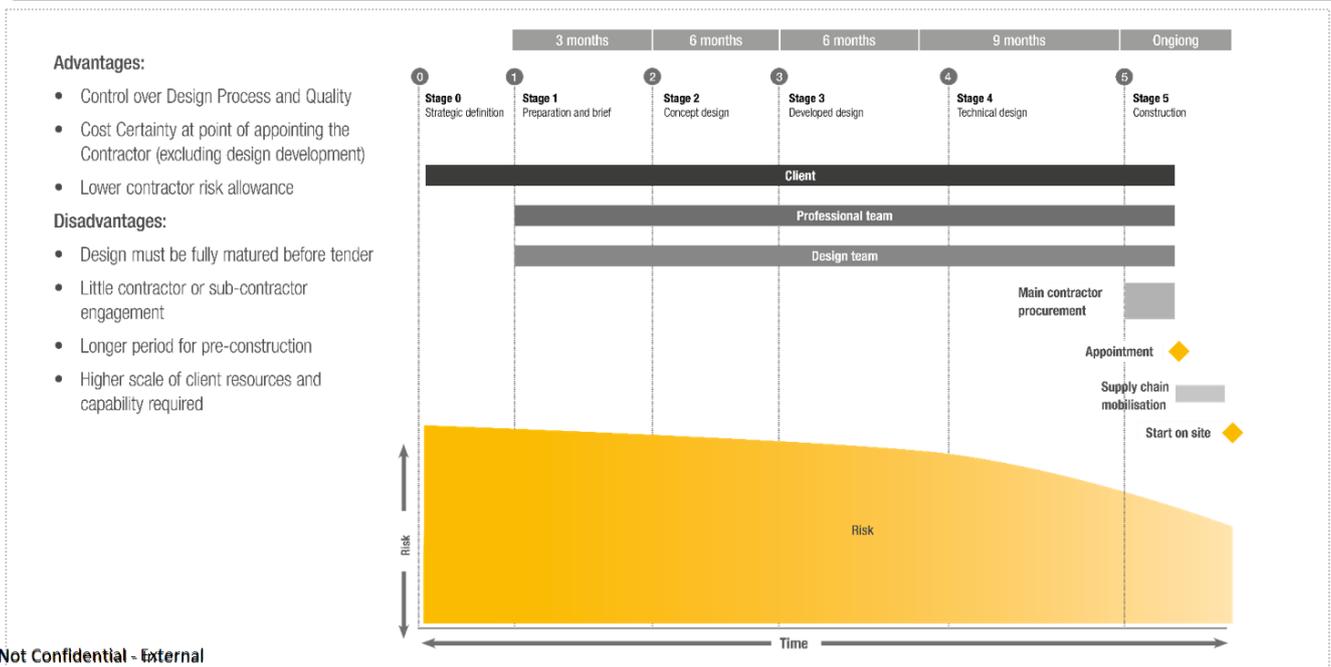
- Ecology survey
- Intrusive Drain survey
- Thermograohic survey and air tightness survey
- Structural survey
- Geotechnical Investigations Survey
- Archaeological consultant/supervision
- Passivehaus Certification EnerPHit RIBA stage 3 – RIBA stage 5
- Asbestos Management Survey
- Localised Asbestos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

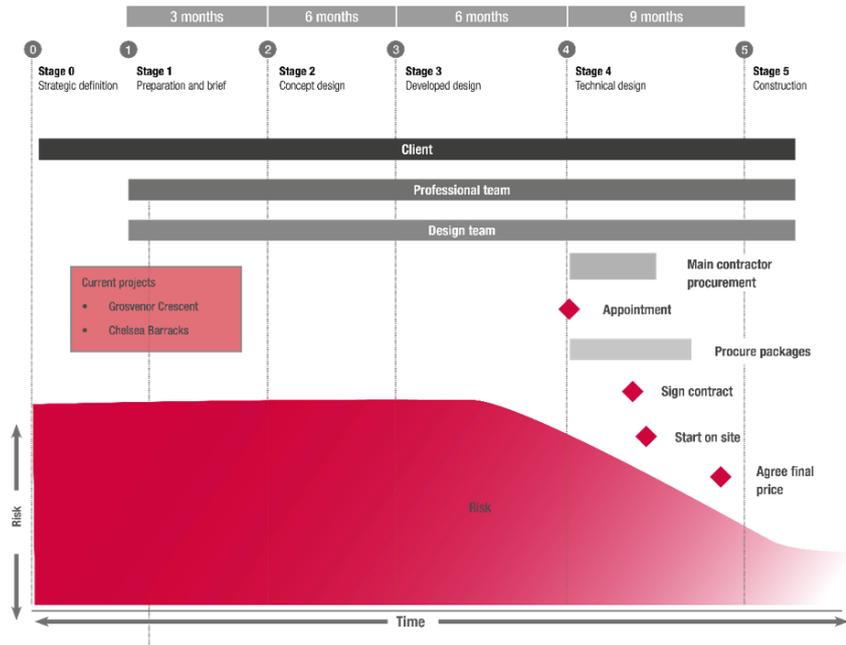


### Advantages:

- 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)



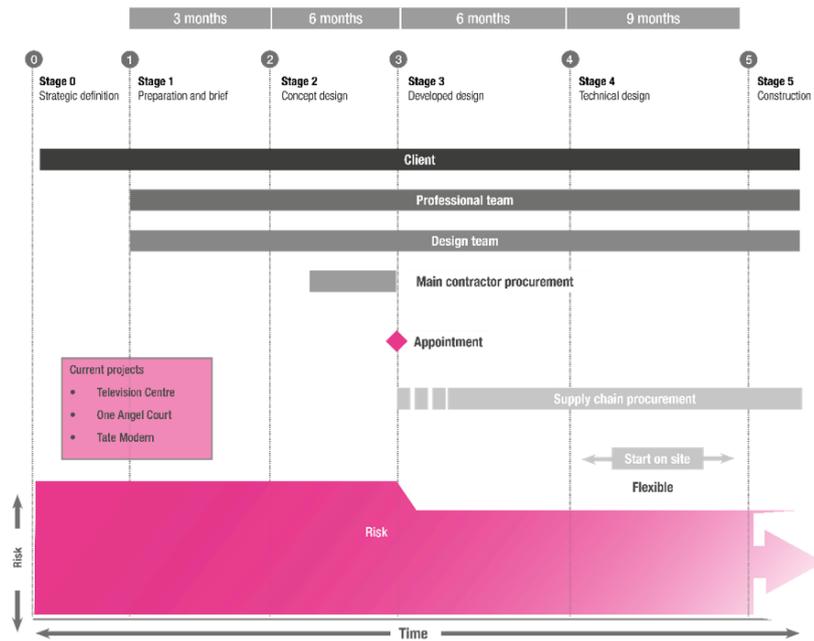
## Advantages

- 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:

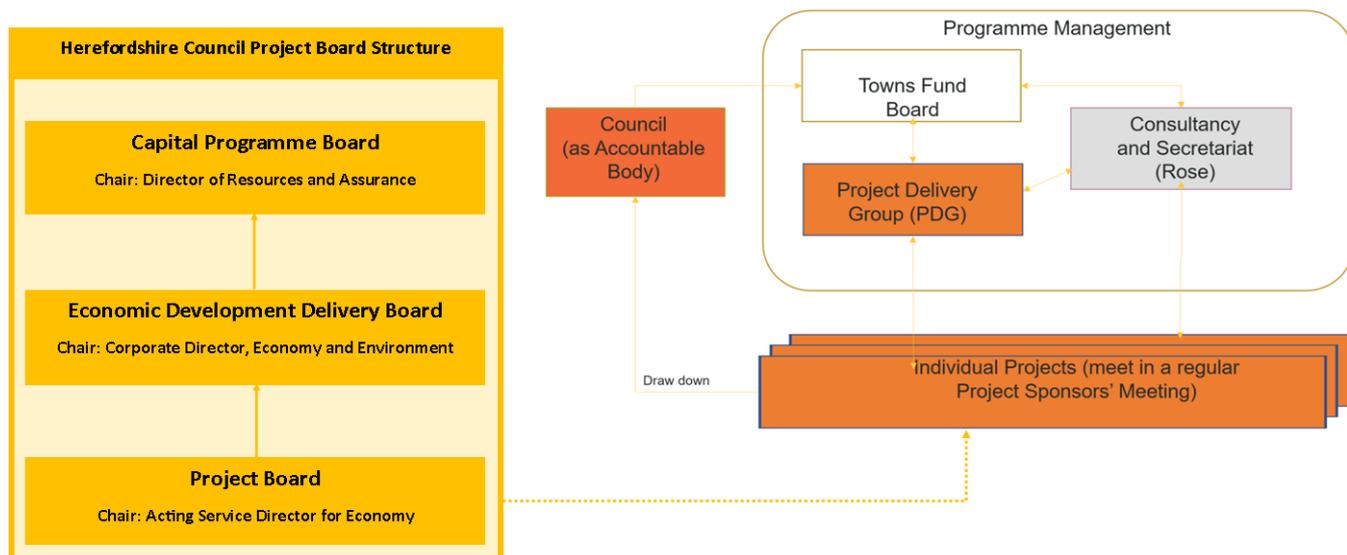
<b>Role</b>	<b>Name</b>	<b>Job Title</b>
Senior Responsible Officer - Chair	Roger Allonby	Service Director Economy
Senior User	Amy Pitt	Service Director Communities
Programme Manager	Amy Swift	PMO Programme Manager
Senior Project Manager	Johnathan Pritchard	PMO Senior Project Manager
Project Support	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.

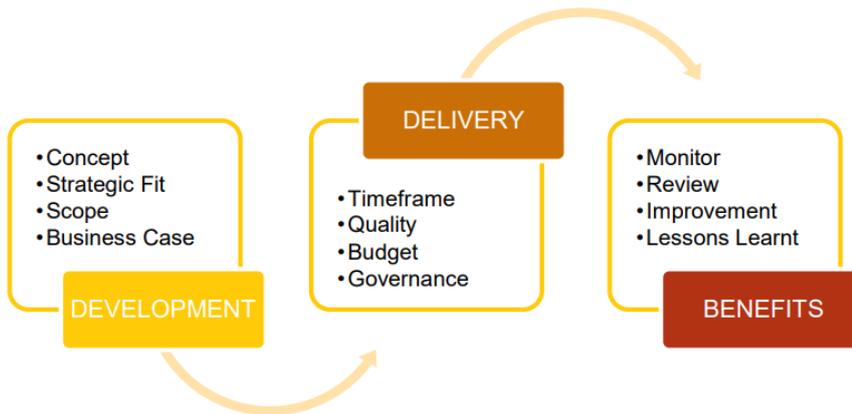
			Each step of the project has been through the councils governance process.
Political - Change of administration during project development period	7	Change in council priorities delaying or question the project value/future	Stronger Towns Funding terms and conditions and commitments made by the council 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.

Project name	Month/Year
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:  <p style="text-align: right;">Date:</p>
<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:  <p style="text-align: right;">Date:</p>

## **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