

Spend the accepted Stronger Towns Funding for Library and Learning Resource Centre

Decision maker: Cabinet Member for Commissioning, Procurement and Assets

Decision date: Monday 23rd January 2023

Classification

Open

Decision type

Key

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

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

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

Wards affected

Central;

Purpose

To approve the acceptance of the Stronger Towns £3m funding, and to approve the full expenditure of £3.5m related to the completion of the design stage of the project, the appointment of a Design and Build contractor following procurement, and the implementation of the library and learning resource centre project.

Recommendation(s)

That:

- a) To accept the £3m (capital) of Stronger Towns funding offered by government,
- b) To approve the full £3.5m of expenditure required to complete the design stage and implementation of the library and learning resource centre,
- c) Authority is delegated to the Corporate Director for Economy and Environment, in consultation with the Deputy Section 151 Officer and the Cabinet Member Commissioning, Procurement and Assets, to make all operational decisions required to complete the design stage of the project, appoint a Design and Build contractor following the conclusion of the procurement process, and to implement the delivery of the library and learning resource centre project.

Alternative options

1. Not to progress the project, or implement the decision to spend in relation to funding which has been awarded to Herefordshire Council by Stronger Towns. This would mean the significant economic challenges identified in the Hereford Town Investment Plan would not be addressed.
2. The project is scaled back to a reduced funding envelope. It is unlikely the scale of change required could be achieved from a project so significantly reduced in scale.
3. The council could seek alternative funding. The council has already approved the submission of the Stronger Towns business case and funding has been awarded. In addition, the council has amended the capital programme and approved a £0.5m funding contribution from capital receipts reserve. No other funding routes of the scale required are available at this time.

Key considerations

4. A previous decision ([Stronger Towns Projects Full Business Case Submission](#)) gave authority to commence the procurement of contractors on a design and build basis for the library and learning resource centre. This decision seeks authority to appoint a contractor. This will be progressed via the NHS SBS Public Sector Construction Works framework which was identified as the preferred route following an expression of interest process.
5. 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.
6. Herefordshire has the lowest county tier Gross Value Added (GVA) of any county in England and is the second lowest in the UK (second to our neighbour 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, 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.
7. As a major centre for employment, education, transport, leisure, health and access to public services, Hereford plays a critical role in the economic success and wellbeing of the wider rural county. Both the Hereford Museum and Art Gallery project and the Maylord Orchards Library and Learning Resource Centre are flagship projects in the Hereford Town Investment Plan.

8. The Investment Plan states *'The cluster of assets at the heart of the city (Maylord, Cathedral Close etc) currently controlled by the City Council, Herefordshire Council and the Diocese represents significant collaborative potential to repurpose the city centre'*.
9. The Herefordshire County Plan 2020 to 2024 also recognises the significant economic, skills and social mobility challenges the county faces, as well as opportunities to maximize our tourism and cultural assets. In terms of the Stronger Towns fund the County Plan specifically states *'We will work with partners to maximise the Stronger Towns Fund grant (up to £25m) awarded to Hereford and to support investment programmes across all our market towns'*.
10. The regeneration of the city centre, and opportunities to develop the historic cathedral quarter are likely to be priorities in the emerging City Centre Masterplan and the Big Economic Plan. The project will also compliment and work closely with other investments such as the Hereford City Centre Improvements £6m public realm and greening project, creating a new vibrant city playing a critical role for the county as a whole for many years to come. The proposed projects will also support the development of Hereford as a university city, enhancing the cultural offer, and establishing a new modern library for students to access resources and to study at the heart of the city.
11. The purpose of the project is to establish a new, innovative and modern library and learning resource centre, creating a mixed development to support the regeneration of the city centre, and to improve the opportunities and wellbeing outcomes of the population through enhanced cultural facilities. It will create an 'attractor' to bring people into the city centre which will in turn support delivery of the Council's County Plan. Developing a new modern library facility and service will support Hereford in becoming a university city, addressing the 'cold spot' in higher education and addressing the higher level skills gap.
12. Hereford library has historically been the busiest library in the county with its book stock supporting the delivery of the service in the other library sites. The building has not undergone any major renovation for some time and in its current state is not offering the wealth of opportunities that could be offered from a remodelled, redesigned and repurposed building. The new library building will also be fully inclusive, including a new toilet on the ground floor for people with a disability and a new lift to enable people to access the upper floors. This will be of significant benefit to library users, but also people visiting the wider Maylords site and city centre.
13. The learning resource centre will provide rentable space for a range of services and organisations including the Council's Adult Learning Services and health and wellbeing clinics. It will have two large rooms which can be split to enable the running of simultaneous activities as well as a number of smaller rooms. Adult Learning Services will use their space with the strategic aim of engaging with local residents who are least likely to participate in learning and enable them to access a range of high quality learning opportunities. This will facilitate their ability to lead more independent lives, support their families, gain qualifications, get a job, volunteer and become less socially isolated. It is also anticipated the Learning Resource Centre will provide an ideal and accessible city centre location for access to other public services such as health and wellbeing support.
14. In addition to the proposed new library and learning resource centre, the project includes significant enhancements to the atrium and Trinity Square. The atrium is very dated and tired, and dominated by two escalators that are now at the end of their operational life, despite there also being a lift available. Through the removal of the current escalators and enhancing the environment, the project will create a much improved experience for all users, a place to meet and for social interaction. Trinity Square is also very dated, and the facades of the building in need of significant improvement. Through new cladding and enhancements to the square the project will improve the aesthetics, creating a new vibrant centre with opportunities for events.

Community impact

15. The contribution of the library and learning resource centre project with regard to positive impact on the community are set out in the business cases previously submitted to Stronger Towns Board. On a national level, the project contributes to the missions in HM Government's White Paper proposals on levelling up by:
 - I. Enhancing Hereford as a city in which to live, work and study as well as visit, supporting the growth of the tourism industry as well as regenerating Hereford as the primary economic driver of Herefordshire
 - II. Providing new public facilities for local people, improving education, and enabling access to culture and heritage
 - III. Regenerating the city centre and creating a world class visitor and cultural facility
16. The projects contribute towards HM Government's 'Build Back Better: Our Plan for Growth' document published in March 2021. On page 13 of the report, the section dealing with infrastructure says that 'the Government will connect people to opportunity via the UK-wide Levelling Up Fund and UK Shared Prosperity Fund as well as the Towns Fund and High Street Fund to invest in local areas'.
17. Locally, a priority of Herefordshire Council's County Plan 2020-2024 is 'Use council land to create economic opportunities and bring higher paid jobs to the county', and to 'Invest in education and the skills needed by employers'. The County Plan also states 'We will work with partners to maximise the Stronger Towns Fund grant (up to £25m) awarded to Hereford and to support investment programmes across all our market towns'. This 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)

Environmental Impact

18. As Maylord Orchards Library and Learning Resource Centre is largely the internal fit out of an existing building, it is not possible to significantly enhance the environmental standards of the building as a whole. However, the project will seek to achieve the highest environmental standards wherever possible.
19. Aspects of stakeholder and public consultation will be done online and using video calls to reduce the amount of paper being used and to limit carbon emissions by reducing the need for travel.

Equality duty

20. 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.

21. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Our providers will be made aware of their contractual requirements in regards to equality legislation.
22. The redevelopment of an area of Maylord Orchards to house the Library and Learning Resource Centre will support our commitment to work towards the objectives in our Equality Policy. We will achieve this by continuing to engage with user groups to ensure that the design improves access for all. In our proposals, we will aim for the highest level of accessibility, to make things easier and safer for parents (e.g. areas for breastfeeding), for disabled people (e.g. Changing Places toilets), older people (e.g. suitable benches) etc.

Resource implications

23. Through previous governance decisions the council has approved to spend £490,689.00 in undertaking the detailed design of the building up to RIBA stage 3, the required building surveys require to inform the project, and complete the heritage statement and related works. To date £296k has been spent and a further £125k committed. All the costs to date are included within the element break down below.
24. The current RIBA stage 3 cost plan for the Maylord Orchards Library and Learning Resource Centre project has identified a cost of £3.5m to fully deliver the project, against a maximum Stronger Towns grant of £3m. To ensure the full aspirations and outcomes of the project can be achieved, Herefordshire Council previously took a decision to fund the remaining £0.5m through the council's capital receipts at council on 29 July 2022.
25. As included in the cabinet decision 29 June 2022. To deliver an innovative and modern library and museum service the operational revenue budgets will need to be increased to cover staff costs, overheads, service charges and other operational costs. This will be covered as part of the medium term financial planning submission during the 23/24 revenue budget setting and was included as recommendation, and is therefore not considered in this report.

Capital Cost of Project		
Element	Element Total	Total
Elements included in Mace Ltd Cost Plan (RIBA 3)		
Facilitating works	£249,338	
Substructure	£900	
Superstructure	£689,954	
Internal Finishes	£114,077	
Fittings, Furnishings, Equipment	£327,650	
Services	£518,914	
External Works	£69,178	
Main Contractors Prelims (17%)	£334,902	
Main Contractor Overheads & Profits (5%)	£161,344	
Project / Design Team fees	£533,269	
Inflation to 3Q23) 7%	£182,010	
Contingency (10%)	£318,464	

Total	£3,500,000
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Capital cost of project	PY	2022/23	2023/24	Future Years	Total
<i>Construction costs as detailed above</i>	£1,109	£766,891	£2,732,000	£000	£3,500,000
TOTAL					£3,500,000

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2022/23	2023/24	2024/25	Future Years	Total
<i>Stronger Towns Fund Grant</i>	£268,000	£2,732,000	0	0	£3,000,000
<i>Herefordshire Council Funding (funded via capital receipts)</i>	£500,000				£500,000
TOTAL	£768,000	£2,732,000	0	0	£3,500,000

Legal implications

There are no legal implications arising directly from accepting Stronger Towns funding offered by government. The Authority must comply with any governance decisions.

It is anticipated that any funding will be provided by way of a Section 31 ring-fenced grant under the Local Government Act 2003. The Stronger Towns funding offered by government may have associated requirements and obligations and these will need to be assessed by the Authority.

The value of the proposed improvement works is below of the UK's procurement threshold for tendering therefore all procurement processes for the delivery of the project will be compliant with the council's contract procedure rules.

The council's legal team will deal with the preparation and completion of the necessary legal documentation.

Risk management

26. The combination of funding streams required to enable these significant projects to progress will be supported by an overarching agreement between the funding bodies and an accountable body to ensure delivery of these projects.

Risk / opportunity	Mitigation
Improved facilities.	The project will provide new public facilities for local people, improving education, and enabling access to culture and heritage.
Increasing economic opportunities.	Enhancing Hereford as a city in which to live, work and study as well as visit, supporting the growth of the tourism industry as well as regenerating Hereford as the primary economic driver of Herefordshire.
Herefordshire Council declines to apply for funding to the Stronger Towns Fund and fund the projects as recommended from the capital programme; and to cover the additional costs with contingencies to ensure the projects proceed. The city and county lose the opportunity for an income generating attraction and increased profile; residents of Herefordshire lose the opportunity better to engage with their culture and heritage; by not pursuing a major development to benefit both residents and visitors to the county and the opportunity to support the local visitor economy.	Support for the developments has come through the offering of a total of £8 million across both the museum and art gallery, and the library and learning resource centre projects from the Government Stronger Towns Fund. Not ensuring the continuation of the developments would mean the loss of the opportunity to utilise this funding for the benefit of the county. Support for the process has been shown through previous Cabinet decisions.
Changes in government Stronger Towns funding programme, leading to a reduced funding, meaning the scope of the projects would need to be revised to meet the new budget.	Final funding decisions in relation to Stronger Towns fund have been announced, with confirmation that £3m has been secured for the project.
Change of administration during project development period resulting in a change in council priorities, delaying or questioning the project's value/futures.	Stronger Towns Funding terms and conditions and commitments made by the council to the Stronger Towns fund, as well as cross party support, will mitigate this.
Projects fail to secure planning permission. If planning permission for either project is not obtained, the projects will face delays to delivery and cost implications.	The project is primarily focussed on internal renovations to the current atrium and building. Following the completion of the Pre-Application process, the project team will continue to engage with Planning Officers throughout RIBA Stages 2, 3 and 4.
Projects are over budget due to incorrect assumptions at feasibility. The projects would face value engineering to bring the cost within in budget and some objectives may not be delivered. This could also delay the projects.	The project team is working closely with Mace (external project management consultants specialising in construction projects) and the design team to look at ways to achieve both project's main objectives, whilst delivering within budget.

Rise in inflation may result in an increase in costs. Work Packages and project requirements become over budget; value engineering opportunities may not be viable as works remain the same, but costs change.	The project will need to consider: value engineering, or reducing the project scope.
Unable to procure contractor to undertake the physical work. This would result in delays to the project timetable and additional costs	The project team is working closely with Herefordshire Council procurement team and with Mace's procurement team, who understand the current market. This expertise and advice will reduce this risk.
Procurement timeframes are longer than expected. Delays to project delivery and additional cost.	The project team is working closely with Herefordshire Council procurement team and with Mace's procurement team, who understand the current market. This expertise and advice will reduce this risk.
Unforeseen works are identified once works are underway during 'strip out', or when surveys are undertaken, resulting to increased costs and delays to the project.	A number of surveys have already been commissioned or completed which inform costs and designs across both projects. Further survey works will be carried out over the life of these projects to ascertain building condition before strip out occurs. Contingency has been built into the budget.
Project not delivered on time or not delivered within the allocated budget, resulting in reputational damage, potential funding claw back, and further delay to the project.	The project team will ensure continued communication with funding providers throughout the life of the project, and will raise any issues via the council's Project Management Office monitoring procedure. Project team will also work closely with the governance team and funding partners to map out timelines and key milestones.
Delays to start dates of tasks and milestones due Herefordshire Council governance and funder requirements, resulting in reputational damage, delays to the project, and financial implications.	Project team to work closely with the governance team and funding partners to map out timelines and key milestones. Time allows in the current timetable.

26. The above risks will be managed by the project team, in conjunction with the community wellbeing directorate and the Director for Economy as the Senior Responsible Officer for the project.

Consultees

27. Consultation with political groups has taken place. Members had queries regarding a covenant regarding a library provision being retained within Broad Street building which will be reviewed by Legal colleagues. There was also a request to consider social value when discussing who will run the café services within the building, as well as a request for assurance that the project meets accessibility requirements. Members also queried confidence in costs in light of current

inflation situation; the external design team are working on current market costs, but this cannot be fully confirmed until we go out to tender.

28. As detailed in the RIBA Stage 3 report, the Architects (Architype) have undertaken consultation with the Adult Learning Service and Library staff.
29. This consultation has also been supported by two in person events, one held at Maylord Orchards in May 2022 and a week-long consultation in August 2022 held at the Town Hall in Hereford.
30. The May 2022 event was attended from representatives from the above groups, as well as local councillors, representatives from the Stronger Towns Board, Herefordshire council senior management, and Hoople. A briefing was also held prior to the event with the local MP.
31. A week long consultation was held in person in August 2022. Boards were produced to showcase the project and the consultation was also supported by a video produced by Architype. The event was attended by representatives from Making it Real Board, Hereford City Council, local Councillors, Women's Equality Group, Hereford Business Board, Hereford Cathedral, residents, neighbours and businesses. Feedback was supportive of the scheme and the development of the library and learning resource centre.
32. Separate sessions were also held for local businesses and residential tenants. Five businesses and residents attended. A separate online meeting was also held with one of the national retailers who could not attend in person. Again feedback was positive about the scheme itself and the potential benefits to the area, with some national chains indicating that they would look to invest in their own units as a result of seeing investment from Herefordshire Council.
33. Consultation is ongoing with updated videos and information, and formal consultation being launched on the council website in early 2023.

Appendices

None

Background papers

None identified

Report Reviewers Used for appraising this report:

Governance	John Coleman	Date 13/12/2022
Finance	Karen Morris	Date 03/01/2023
Legal	Patricia Haywood	Date 10/01/2023
Communications	Luenne Featherstone	Date 12/12/2022
Equality Duty	Harriet Yellin	Date 20/12/2022

Procurement	Lee Robertson	Date 29/12/2022
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Risk	Kevin Lloyd	Date 19/12/2022
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Approved by	Ross Cook	Date 12/01/2023
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