

# **Title of report: Review of New Hereford Library and Learning Resource Centre Location**

**Meeting: Cabinet**

**Meeting date: Thursday 20 July 2023**

**Report by: Cabinet member community services and assets**

## **Classification**

Open

## **Decision type**

Key

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

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

Notice has been served in accordance with Part 3, Section 10 (General Exception) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

## **Wards affected**

Central;

## **Purpose**

To present the outcome of the Review of Potential Locations (Appendix 2) for the Library and Learning Centre and to recommend a preferred option for consideration by Cabinet.

## Recommendation(s)

That:

- a) **Cabinet agree that the preferred new location of the Library and Learning Centre is the Shirehall as evidenced in the review of options at appendix 2;**
- b) **The decision to relocate the Library and Learning Centre to the Maylord Orchards site is cancelled, all related contracts and agreements relating to the project be terminated and the capital project is removed from the capital programme;**
- c) **A full business case for the Shirehall development to be progressed (to include the library works and all enabling works) and reported back to Cabinet in October 2023; and**
- d) **Delegated authority is given to the Corporate Director for Community Wellbeing in consultation with the Cabinet Member for Community Services and Assets to take all operational decisions (within a to c above) and as is necessary to develop the Full Business Case, and to submit the Project Adjustment Request to the Hereford Towns Board and the Department for Levelling Up Housing and Communities (DLUHC), if required.**

## Alternative options

1. Cabinet could consider one of the alternative sites, including the existing proposal to relocate the Library and Learning Centre to Maylord Orchards, set out in the appended review document. This is not recommended. Following the review a preferred location, Shirehall is considered to represent a stronger case for investment when considered against the criteria applied to all of the locations considered. The supporting evidence is set out in Appendix 1.
2. Cabinet could decide to not proceed with the project to relocate the city library. This is not recommended as the library relocation is necessary to allow the Hereford Museum & Art Gallery (HMAG) project to proceed. The HMAG project will provide a valuable world class museum to the city of Hereford which will increase the footfall, support economic growth and help increase skills levels within the county. If the library relocation was not to proceed the funding already secured for HMAG would be lost.

## Key considerations

3. On 22nd June 2023 cabinet approved an internal strategic review to identify the best options for the location in Hereford for the Library and Learning Centre project ([Decision - Review of New Hereford Library and Learning Resource Centre Location - Herefordshire Council](#)). Cabinet agreed that the findings be reported back to in July 2023 and should the outcome of require a change to the capital programme, Full Council approval would be sought. The following decision paper outlines the findings of the review for cabinet consideration.
4. A review of the proposed location was requested to ensure the council delivers a modern high-quality library and new learning centre whilst meeting the vision of the Hereford Town Centre Investment Plan, focussing on the regeneration of the city centre through arts, culture, learning and heritage. The ambition is to create world class facilities with a modern 21<sup>st</sup> century Library and Learning Resource Centre that matches the ambition of the aligned flagship museum and art gallery project. In the previous decision Cabinet approved that the scope of the review should be agreed by the

Corporate Director of Community and Wellbeing in consultation with the Cabinet Member of Community Services and Assets. The approved scope for review is set out in Appendix 1.

5. Following the agreement of the scope, the Strategic review has been carried out by a Project Board comprising lead representatives from the Programme Management Office, Library, Economic Development, Finance, Legal and Property Services chaired by the Director for Strategy and Performance (Senior Responsible Officer for the review).
6. A long list of possible locations was initially identified ensuring that they were within council ownership. A high-level feasibility assessment against suitability, availability and accessibility of the buildings (appendix 1) concluded that a shortlist of two locations provided the best possible site. They are the Shirehall and Maylord Orchards which therefore have been subject of the more detailed review.
7. The review paper then considered each of these preferred sites in more detail against the factors set out in the scope i.e.
  - a. Strategic fit
  - b. Value for money
  - c. Financial Viability (including any aid implications)
  - d. Stronger Town Outcome deliverability
  - e. Statutory Duty compliance
  - f. Deliverability
  - g. Legal constraints
  - h. Equality impact potential
8. As part of the review we have engaged a range of key stakeholders and partners including the Stronger Towns Board, the Cultural Partnership and Joint Action for Herefordshire Libraries to gain their views.
9. The review included the following stages;
  - a. Initial high-level consideration of council owned city centre sites to narrow down to deliverable options
  - b. More detailed consideration of sites with greatest potential
  - c. Engagement with Stronger Towns Board
  - d. Engagement with stakeholders
  - e. Review of financial and legal position
  - f. Formulation of recommendations for decision
10. The review has concluded that the best possible location for the Library and Learning Centre is the Shirehall. Whilst recognising the significant merits of the original proposed location, overall it is considered the Shirehall will deliver greater benefit to the city and county. The use of Shirehall will bring an outstanding heritage asset back into use as a civic building and form a showpiece library and learning centre that creates a space that residents will be rightly proud of and where they feel they belong. It will be a home for creative activity, culture and for community and will emphasise the importance of learning and literacy, including digital literacy, to the county's future success. Utilising an existing and currently redundant council owned civic building will also reduce the revenue operational cost compared to being located in a commercial shopping centre.

11. The outcome will also enable Maylord Orchards to continue to successfully operate commercial and retail units and to create new opportunities at the heart of the city centre. Since the purchase of Maylord Orchards the council has endeavoured to ensure that the centre is run effectively and it is noted that there is a strong interest and demand for the units with the centre becoming a vibrant community centre and a key player in regenerating the city centre. Footfall figures, although not expressly captured at Maylord Orchards, are obtained from BID and indicate that from March-end June we are already seeing a circa 44,000 increase in visits; a 50% rise on the previous period last year. Our appointed agents inform us however, that we are performing very well against the national picture (figures below as at 5/6/23).

<b>Total:</b>	<b>41 units</b>
<b>Vacant</b>	<b>5</b>
<b>In legals</b>	<b>2</b>
<b>Occupied</b>	<b>27</b>
<b>In negotiation</b>	<b>2</b>
<b>Library Project</b>	<b>5</b>

12. There are five units in Maylord Orchards that have been allocated to the library project. If these units were to remain commercially available with the library relocated elsewhere, the council would reduce its cost burden by not having to pay any service charges, utilities or business rates. In addition, the council would expect to receive a rental income in the region of £55k. It should be noted that the market, although positive at Maylord Orchards, is still under significant pressure and rentals are negotiated.
13. The space proposed for the Library and Learning Centre in the Shirehall is the Assembly Hall and Undercroft. This site will combine the opportunity to create a stunning and state of the art library with a modern, accessible learning centre and become a cultural hub in the City Centre.
14. The works that are required to provide a world class library and learning centre into the Shirehall are considered to be less than the works required to redevelop the space of Maylord Orchards units (notwithstanding the significant enabling works required). The intention is to create a flexible space to accommodate multiple functions. The Shirehall is significantly larger and will not only meet the needs of the library but also provide flexible space to be used for wider events and activities such as refreshment facilities, civil ceremonies, weddings, registration of births, poetry readings, exhibitions, TED talks, business breakfasts, film screenings, health and wellbeing clinics etc. (subject to available future funding and any necessary consents).
15. Indicative high level timelines have been produced to ensure that the project can still achieve the commitment to the Stronger Towns grant subject to STB approval, with completion of the project estimated as autumn 2025 (see appendix 2 (8)).
16. The available modern and distinctive space within the Undercroft signals the importance that the council attaches to digital literacy and skills for future work. It has room to provide (for example) a training facilities, creating a physical location where people can gather to co-create, share resources and knowledge, work on projects, network and can further accommodate lifestyle/business advice and a sensory room for disabled children and adults (subject to future funding and any necessary consents).

There are larger rooms within the Shirehall that can provide accommodation for bigger teaching groups if required.

17. By moving the library to the Shirehall it will still achieve the outcomes as set out in the existing Stronger Town Funding Full Business Case (see Appendix 2). Subject to the outcome of the decision the council will continue to work with the Hereford Towns Fund Board and DLUHC to submit a Project Adjustment Form to seek approval for the current grant to be utilised in Shirehall.
18. When the ceiling collapsed in 2020, the HM Courts & Tribunals Service (HMC&TS) were left without any facility to operate as the site had to be shut down. Since then, the council has worked with HMC&TS to find a temporary location for a Crown Court pending a decision on the future of the Shirehall as they required a solution to their hearing space requirements with the Shirehall potentially unavailable for a number of years. The Council recently received notification that HMC&TS now wish to terminate their occupation of the Shirehall site. Whereas the HMC&TS accommodation did not utilise the Undercroft nor Assembly Hall, their notification has allowed a fresh rethink of how the council might use the Shirehall building and enhance the civic nature of it.

## **Community impact**

19. The ambition is to create an world class modern 21<sup>st</sup> century Library and Learning Resource Centre will be of significant benefit to the county, establishing a modern high-quality library and learning facility at the heart of the city centre. Creating new reasons for people to visit, spend time and money in the city centre, responding to the decline of retail as a primary footfall driver, will also help secure the economic viability of Hereford and local jobs.
20. Currently the council has no learning centre of its own and delivery is through community facilities by subcontractors. However, the new facility will allow a move towards either direct delivery or a hybrid model.
21. Whilst all sectors of the local community will benefit from the enhanced facilities and services, the project will specifically benefit local schools and colleges in terms of access to the library for educational purposes. The Learning Centre located in a prominent city centre location will provide the whole community with a wide range of services to support the development of their skills, advice and support in seeking new career or personal development opportunities.
22. As well as supporting the Learning Centre, the facility will provide space for health and wellbeing clinics which provides an opportunity to reach our most vulnerable groups and address health inequalities as well as providing a central location in the City Centre.
23. The proposed project will ensure that our communities have good access to high quality modern services, such as libraries, in good and accessible locations that enable the maximum economic benefit and investment in Hereford City. These are key priorities for the council.
24. Both potential sites would enable the library and learning centre services to be located within the heart of the city ensuring the commitment to provide a library and resource centre which is fully accessible for all the community within the city centre.
25. The Shirehall is a prominent civic building and bringing it back into use as an asset for all the community will generate an increase in footfall, it will help to generate additional

visits, in conjunction with the world class museum project and there will be a corresponding increase in trade and economy.

26. The Shirehall would provide the maximum space, allowing additional areas that could be created (for example) into a sensory room designed for children and adults with disabilities; a maker space with digital technology including 3D printing, music production, digital sewing machines, game design etc.; a consultation room allowing individual booths for one-to-one advice on health, personal money management and business start-ups (subject to future funding availability). There could also be substantial provision for training rooms for the Adult Education Service with larger rooms available outside of the footprint of the library if desired. The community of Hereford would benefit from the extra resources and Shirehall would strengthen the outcomes set out in the original business case to Stronger Towns for increasing skills allowing social mobility.

### **Environmental impact**

27. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
28. The development of this project will seek to minimise any adverse environmental impact and will actively seek opportunities to improve and enhance environmental performance.
29. The environmental impact of this proposal will be considered through the full business case and will include appropriate requirements to minimise waste, reduce energy and carbon emissions and to consider opportunities to enhance biodiversity. This can be detailed through the design process.
30. Bringing a currently redundant building back into use to create a valued civic asset for all the community will greatly improve the built environment around the city centre. From a planning perspective no change of use is required. Further permissions will depend on the extent of any changes needed and the impact on the listed building.

### **Equality duty**

31. 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: eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

32. The long list of potential locations was assessed on the grounds of public accessibility with any considered to be inaccessible ruled out.
33. As part of the strategic review looking at options for a permanent location for Hereford library, Equality Impact Assessments have been undertaken on the proposed sites at The Shirehall and Maylord Orchards. The Equality Impact Assessments indicate that both sites would be appropriate venues for hosting a new library.

## **Resource implications**

### **Capital**

34. The approved capital programme for 2023/24 includes budget of £3.5m for the Maylord Orchards Redevelopment and Learning Resource Centre project funded by £3.0m of Stronger Towns Grant funding and £0.5m use of the capital receipts reserve.
35. If an alternate location for the project is agreed by Cabinet, the continuation of Stronger Towns Grant funding will be subject to approval by the Stronger Towns Fund Board and, if required, a Project Adjustment Report to be agreed by DLUHC. Subject to this approval, a detailed business case will be prepared for the alternative location and presented to Cabinet at a future date. A decision by full Council will be required if there are any resulting changes to the approved capital programme.

### **Decapitalisation of costs on cessation of Maylord Orchards project**

36. The Maylord Orchards project has incurred costs of £434k up to the end of March 2023; funded by £329k of Stronger Towns Grant and £105k from the capital receipts reserve. A further £250k is estimated to be spent in 2023/24 to give a total project cost of £684k by the end of July 2023.
37. Cessation of the project may incur additional abortive costs which will be a further revenue pressure for the council. The Letter of Intent between the Council and the procured contractor has a cap of £86k in terms of works carried out, however, de-mobilisation costs may also be payable by the council. At the date of this report, the contractor has indicated that it has placed orders in the sum of approximately £608k. Where a claim for de-mobilisation costs is made by the contractor, this will be subject to verification checks by the council to confirm that an obligation exists.
38. If the Stronger Towns Fund Board does not agree to transfer funding to an alternative location, there is a risk that the £329k grant funding awarded to date may be clawed back by the Board. Furthermore, if the grant cannot be used to fund costs incurred in 2023/24, the additional £250k will be an unbudgeted revenue pressure for the council.
39. The repayment of grant funding and any additional cessation costs will require identification of funding from revenue or Directorate Earmarked Reserves in 2023/24.
40. The total project costs of £1,292k, analysed between expenditure incurred to date and estimated future costs are noted in the table below.

	<b>Expenditure to March 2023</b>	<b>Estimated spend to July 2023</b>	<b>Potential Abortive Costs</b>	<b>Total Project Costs to be decapitalised</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital expenditure	434	250	-	<b>684</b>
Potential liability for abortive costs (please refer to paras 37 and 42)	-	-	608	<b>608</b>
<b>Total costs</b>	<b>434</b>	<b>250</b>	<b>608</b>	<b>1,292</b>
<b>Funded by:</b>				
Stronger Towns Grant	329	-	-	<b>329</b>
Capital Receipts Reserve	105	-	-	<b>105</b>
Revenue cost pressure	-	250	608	<b>858</b>
<b>Total</b>	<b>434</b>	<b>250</b>	<b>608</b>	<b>1,292</b>

### Resource implications: Revenue

41. A revised business case detailing the revenue implications of relocation of the library service will be prepared pending the decision of Cabinet on the proposed relocation.

### Legal implications

42. If the project location were to be changed to the Shirehall, Stronger Towns Funding approvals would be required to enable the funding to be utilised for the alternative location. In addition, abortive costs would be payable pursuant to the termination of existing contracts and agreements relating to Maylord Orchards in accordance with the terms therein although a final figure cannot be ascertained at this stage. The Letter of Intent with the procured contractor has a cap of £86k (the main contract had not yet been entered into), however, the contractor may seek de-mobilisation costs and indicated that it has placed orders totalling £608k. As these costs are not subject to the Letter of Intent the Council would seek to minimise any additional costs.
43. The Shirehall is in the freehold ownership of the Council and the proposed location of the library within Shirehall is not subject to any leasehold interest. No change of use will be required; however, the need for further planning permissions or listed building consent will depend on the extent of any proposed changes.
44. The full business case will detail the costs of installation of the library and all enabling works that will be required to be undertaken.

### Risk management

45. These are the key risks and mitigations identified in the Strategic Review are set out below:



**Risk / opportunity****Mitigation**

We are confident that the library refurbishment will be delivered within the financial envelope.

A detailed cost report will be identified within the full business case.

Any works to the Shirehall will be subject to listed building consent. It may also be necessary to gain planning permission and building control approvals.

This would be dependent on the future designs and will be assessed in more detail in a full business case.

Any installation of library and learning centre to the Shirehall will be subject to refurbishment and renovation of the wider Shirehall building. Currently the budget of £1.2m for these works is considered insufficient for the level of works required.

If Cabinet decide to proceed with the installation of the library and learning centre to Shirehall, there would be a corresponding reinvigoration of the project to renovate the Shirehall to ensure that the two projects are aligned. The capital programme would need to be adjusted to provide budget for the Shirehall wider works (subject to Full Council).

The installation of the library and learning centre to the Shirehall would be subject to agreement with Stronger Towns Board and a Project Adjustment Report to central Government.

Stronger Towns Board have informally signalled that they would accept the amendment if Cabinet decided to proceed with this location, however, it would be subject to a formal decision by the full board and to agreement by Department for Levelling up, Housing and Communities (DLUHC).

The Stronger Town timeframes would still apply to the project.

It is considered that the stronger town grant timeframe can still be achieved with the estimated high-level timescales (see appendix 2)

The Stronger Towns grant was £3m. Of that amount approximately £684k has already been spent on the Maylord Orchards design and fees. The remaining budget may not be transferred to the new location.

STB have indicated that they are broadly positive about a potential move of location if it meets or exceeds the outcomes set out in the original business case. However, this is subject to agreement by DLUHC.

DLUHC could clawback any funding already provided to the council.

If DLUHC clawback, the costs of that already paid and the additional costs would require de-capitalisation. These would need to be funded from the revenue budget or an alternative source of funding identified from Directorate Earmarked Reserves.

Potential abortive costs for Maylord Orchards project are not yet fully ascertained	Verification and checks for all abortive costs claimed will need to be undertaken and any costs payable will be funded from the service revenue budget
The Shirehall is able to provide space for a wider and more diverse learning offer than Maylord Orchards	There is the opportunity to enhance the library service provision, serve a broader range of purposes/stakeholders/residents and provide improved outcomes
There may be reputational damage in amending the project to The Shirehall.	The Shirehall is considered to be a much better location providing greater space for flexible usage and capacity for additional events and resource for the library and learning centre. It will also provide a more revenue efficient location than Maylord Orchards.
The original intention of the project was to provide a cultural and community hub with various organisations co-located.	Due to changes in location for a number of other organisations, the initial vision had altered slightly. Whilst still a good offer at Maylord Orchards, the Shirehall has the ability to provide an enhanced resource utilising the greater space and gravitas of the historic building.

46. The above risks will be managed by a Project Board comprising of senior officers from the Programme Management Office, finance, and communications, legal, the library and adult learning services, commercial services and property services. The Senior Responsible Officer for the Shirehall project will be the Strategic Assets Delivery Director.

## Consultees

47. The details of the responses of stakeholders who were engaged as part of the review are set out in Appendix 2. Stakeholders included:
1. Joint Action for Herefordshire Libraries (JAHL) group, representing library users
  2. Herefordshire Cultural Partnership
  3. NMITE
  4. Internal service partners - Adult Education, Public Health and Economic Development teams
  5. Equality Compliance Manager
  6. Ward Member for Central Hereford
  7. Hereford City Council
  8. Hereford BID
  9. Stronger Towns Board
  10. Department for Culture, Media & Sport (DCMS)

Key stakeholders for the project have been engaged as part of the review. These have included the Stronger Towns Board, Herefordshire Cultural Partnership, internal delivery partners, Hereford Business Improvement District, Hereford City Council and the Joint Action on Herefordshire Libraries (JAHL) group, representing service users. The Maylord Orchards project was at an advanced level of development prior to this strategic review and consultees were therefore familiar with the detail of the project whereas for the Shirehall option the consultees had only high-level information on which to comment.

Given the relocation of other related projects (Encore, Rural Media Company, Powerhouse) away from Maylord Orchards, some respondents felt the original vision to create a clustering or cultural hub could no longer be realised and therefore the location was no longer suitable for a library. Other respondents referred to the potential for loss of momentum and potential delay to delivery of a new library in the city centre if the location is changed and for the costs involved. The JAHL expressed continuing concern about the suitability of Maylord Orchards as a location and stressed a willingness to work closely with the Council on improving the library service county-wide.

Some comments raised the issue of how a library in the Assembly Hall might affect historic use of the hall as a venue for concerts and other performances. Use of the Assembly Hall for a wide range of events is part of the draft vision for the library and continued engagement with stakeholders will be required as the Full Business Case is developed, to ensure that any concerns are addressed as far as possible.

48. This report has consulted colleagues from finance, communications, legal as well as the Cabinet Member, Community Services and Assets. The matters within the report will be presented to a Political Group Consultation meeting and Scrutiny Committee will also have the opportunity to provide comments prior to the Cabinet meeting.

## **Appendices**

Appendix 1 - Strategic Review

Appendix 2 - Appendices to the Review

## **Background papers**

None

## **Glossary of terms, abbreviations and acronyms used in this report**

**HMAG** - Hereford Museum and Art Gallery

**STB** - Stronger Towns Board

**LC** - Learning Centre

**DLUHC** - Department of Levelling Up, Housing and Communities