

# **Title of report: Approval to spend the National Lottery Heritage Fund Delivery Grant for the Hereford Museum and Art Gallery redevelopment project**

**Decision maker: Cabinet Member for 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 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

## **Wards affected**

(All Wards);

## **Purpose**

To approve spending of the National Lottery Heritage Fund Delivery (NLHF) Grant on approved purposes, excluding the gallery fit-out works, for the redevelopment of Hereford Museum and Art Gallery.

## **Recommendation**

**That:**

- a) Authority is delegated to the Corporate Director for Community and Wellbeing to draw down and spend from the capital programme, and**

- b) take all operational decisions required to deliver the approved purposes, excluding the gallery fit-out works, of the NLHF's deliver grant for the museum and art gallery redevelopment to the value of £1,502,044.**

### **Alternative options**

1. Not to proceed with the NLHF-funded elements of the museum and art gallery redevelopment project. This would mean the fit-out and community engagement elements would not be taken further and leave only the shell and core of the building work to complete.

### **Key considerations**

2. The redevelopment of Hereford Museum and Art Gallery is a flagship project for the council and Stronger Hereford. The project will significantly enhance the county's cultural offer, support community engagement and attract new visitors to the area. It will help to make Herefordshire a better place to live, work, study and invest. The redevelopment of the county's museum and art gallery will reactivate a powerful asset at the heart of county, creating a state of the art centre which will draw new and diverse audiences and significantly contribute to the regeneration of the area as a whole.
3. This important project will extend and transform the Grade II-listed museum and library building on Broad Street to create a state-of-the-art museum and gallery offer. The redeveloped museum and art gallery will include up to eight new galleries and display spaces, a temporary exhibition space, the restoration of the historic Woolhope Club Room and new commercial areas including retail space, roof-top café and an events and education space. A specular viewing platform and roof terrace will be accessible from the fifth floor courtyard space and give incredible 360° views over the city and surrounding Herefordshire landscape.
4. The project aims to be the first museum and art gallery EnerPHit (Passivhaus) project in the UK and the most ambitious heritage retrofit EnerPHit project of this scale. It is a flagship architectural project for environmental design, and meets the council's carbon neutral ambition head-on. The museum will champion environmental approaches, draw on the latest sustainable technologies and design, and look at innovative ways to discuss our impact on the world around us today.
5. The redevelopment project is being delivered in two phases:
  - i. Capital Works – to deliver the shell and core of the building funded by the Stronger Towns Fund (Stronger Hereford) and Herefordshire Council.
  - ii. Engagement and Interpretation Fit-out – to fit out the exhibition galleries, retail, café, events and education space and engagement activity programme funded by the NLHF and Herefordshire Council.
6. This decision refers only to the second phase, Engagement and Interpretation Fit-out. The NLHF delivery grant is 85% of the total approved projects cost of £5.9 million for the fit-out and community engagement phase of the redevelopment project. Additional match funding has been approved by Herefordshire Council previously. The approved purposes for this funding is:
  - i. Finalise the interpretation and exhibition gallery designs.
  - ii. Procure the gallery fit-out contractors.
  - iii. Production and installation of the galleries, retail space, Woolhope Room, events and education spaces.

- iv. Delivery of the activity plan.
  - v. Take pro-active measures to be inclusive, remove barriers and engage with new and diverse audiences.
  - vi. Appointment of staff to assist with delivery of the project.
  - vii. Increase the number of volunteers working with the museum service.
  - viii. Introduce apprenticeships and work placements.
  - ix. Provide training and continued professional development opportunities.
  - x. Evaluation of the project and sharing with the sector.
  - xi. Provide high visibility acknowledgment of the National Lottery Heritage Fund in all activities in the project and to thank National Lottery players.
7. On 28 June 2022 Cabinet approved the submission of the Stronger Towns Fund Full Business Case for the Hereford Museum and Art Gallery redevelopment project, and approved acceptance of £5 million funding from Stronger Hereford on 2 December 2022. On 29 July 2022 Full Council approved the adjustment of the capital programme to fund up to £8 million for the redevelopment project. A specialist design team led by Mace Ltd was appointed 11 October 2022 to take forward the plans for the redevelopment by Officer Decision.
8. The Cabinet Member for commissioning, procurement and assets decision on 2 December 2022 approved the submission of a grant application to the National Lottery. The Cabinet Member for community services and assets approved the acceptance of the NLFH's delivery grant of £5,084,465 and procurement of the fit-out design team on 11 August 2023. Full council approved a total capital budget of £18.4 million for the museum and art gallery on 9 February 2024.
9. All required procurements to spend the NLHF grant money will adhere to the Council Procedure Rules or current legislation at time of tendering.

## **Community impact**

9. The museum and art gallery redevelopment will be of significant benefit to the local community. The gallery approach will be welcoming, playful and, most importantly, fun for everyone. The rich science, history and arts collections will be explored through different creative lens, allowing visitors to explore the stories and collections in imaginative ways and from multiple perspectives.
10. The Activity Plan prepared for the NLHF grant champions the use of our collections and cultural activities to connect with people who might not ever have thought of engaging with heritage, or who are physically isolated across Herefordshire. It focuses on wellbeing through creativity, heritage activity and connecting with nature. We are not just going to build it and hope that they come, but actively go out into the community to strengthen relationships, and take the history and heritage out to them through mobile activities and outreach projects. The museum will work with Herefordshire Mind to inspire people to talk more using object conversations, and even provide subsidised transport to enable those who would struggle to get to the museum the chance to experience what it has to offer.
11. Additional positive community impacts were set out in the business cases submitted to the Stronger Towns Board in 2022 and covered in previous governance decision. On a national

level, the project contributes to the missions in HM Government's White Paper proposals on levelling up. Locally it will deliver on priorities in the County Plan 2020-2024 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 redevelopment supports the ambitions detailed in Herefordshire Council's Delivery Plan priorities, specifically community (CO0.1), economy (EC2.1, EC5.1) and environment (EN5.1, EN5.2).

## Environmental Impact

12. The redevelopment projects supports delivery of the council's [environmental policy commitments](#) and aligns to the following success measures in the County Plan for:
  - Reduce the council's carbon emissions.
13. The development of this project has sought to minimise any adverse environmental impact and will actively seek opportunities to improve and enhance environmental performance. The environmental impact of this proposal has been considered through the service specification and includes appropriate requirements on the contractor/delivery partner to minimise waste, reduce energy and carbon emissions and to consider opportunities to enhance biodiversity. This will be managed and reported through the ongoing contract management.
14. A key aim of the project is to achieve the highest possible environmental and energy efficiency standards possible as outlined in paragraph 4 above. It centres environmental approaches, drawing on the latest sustainable technologies and design, and looking at innovative ways to discuss our impact on the world around us today. Live science from the Woolhope Club will feed into gallery displays, visitors can interrogate the inner workings of the building, and take part in environmental events and activities. The pinnacle will be the roof garden and bee hive installation on the top of the building tended by community volunteers.

## Equality duty

15. 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.
16. 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.
17. The redevelopment is based on the principles of inclusive design and has put people at the heart of the design process. We recognise that access is not only physical but also cultural,

intellectual and sensory. The building and activities that take place in it are being designed so that everyone can enjoy them confidently and independently with choice and dignity – regardless of disability, age, gender, sexual orientation, race or faith.

18. The engagement activity programme has been developed and refined through consultation with members of the public, specialist groups and local organisations. The activity programme uses inclusivity in its broadest sense with the aim of reaching the widest range of people. The activities have been designed to ensure barriers to access relating to gender, socio-economic background, ethnicity and disability are tackled across audience groups. We will continue to work with user groups to ensure all of our activity on the redevelopment designed to improve access for all.

## Resource implications

19. The total budget allocated to the Engagement and Interpretation Fit-out phase is £5,994,882; 85% of this amount is grant funded by the NLFH. The remaining 15% is combination of match funding by Herefordshire Council and in-kind contributions. The match funding has been approved in previous governance decisions.
20. This decision is for all approved purposes except the gallery fit-out work. The gallery fit-out work will be part of a combined decision to appoint a contractor to implement the shell and core fit out elements at a later date. Therefore, the resource implications set out in this section is for the Engagement and Interpretation Fit-out phase with the exception of the gallery fit out works. This decision report is to approve use of £1,502,044 of the £5,084,465 NLHF grant.
21. The increased future revenue cost for managing the new museum will be subject to approval in the MTFS and budget approval at Council for the revenue budget.

| Revenue or Capital cost of project (indicate R or C) | 2024/25         | 2025/26         | 2026/27         | Future Years      | Total             |
|--|-----------------|-----------------|-----------------|-------------------|-------------------|
| Consultants (C)                                      | £73,500         | £92,000         | £64,500         | £0                | £230,000          |
| Activity plan (C)                                    | £52,191         | £201,482        | £237,724        | £720,498          | £1,211,895        |
| Other costs (C)                                      | £11,926         | £15,901         | £20,346         | £11,976           | £60,149           |
| Management and maintenance costs (R)                 | £0              | £0              | £0              | £198,687          | £198,687          |
| In-kind  | £44,200         | £44,200         | £44,200         | £88,400           | £221,000          |
| <b>TOTAL</b>   | <b>£181,817</b> | <b>£353,583</b> | <b>£366,770</b> | <b>£1,019,561</b> | <b>£1,921,731</b> |

| Funding streams                  | 2024/25         | 2025/26         | 2026/27         | Future Years      | Total             |
|----------------------------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| National Lottery Heritage Fund   | £137,617        | £309,383        | £322,570        | £723,474          | £1,502,044        |
| Management and maintenance costs | £0              | £0              | £0              | £198,687          | £198,687          |
| In-kind                          | £44,200         | £44,200         | £44,200         | £88,400           | £221,000          |
| <b>TOTAL</b>                     | <b>£181,817</b> | <b>£353,583</b> | <b>£366,770</b> | <b>£1,019,561</b> | <b>£1,921,731</b> |

| Revenue budget implications | 2024/25   | 2025/26   | 2026/27   | Future Years    | Total           |
|-----------------------------|-----------|-----------|-----------|-----------------|-----------------|
| Core funded growth          | £0        | £0        | £0        | £198,687        | £198,687        |
| <b>TOTAL</b>                | <b>£0</b> | <b>£0</b> | <b>£0</b> | <b>£198,687</b> | <b>£198,687</b> |

16. The breakdown of the NLHF delivery grant approved purpose costs is set out in the table below.

### Fit-out Costs

| Cost Heading                | Description                               | Total             |
|-----------------------------|---|-------------------|
| Other capital work          | Gallery fit out works (including digital) | £3,559,456        |
| Professional fees (capital) | Gallery design fit out consultant         | £215,000          |
| Professional fees (capital) | Retail consultant                         | £15,000           |
| <b>TOTAL</b>                |   | <b>£3,789,456</b> |

### Activity Costs

| Cost Heading                       | Description  | Total             |
|------------------------------------|--|-------------------|
| New staff                          | Fixed term posts to assist with the redevelopment: <ul style="list-style-type: none"><li>• Projects Coordinator</li><li>• Collections &amp; Engagement Curator</li><li>• Collections Information Officer</li></ul> | £376,610          |
| Training for staff                 | Includes training in: <ul style="list-style-type: none"><li>• Access</li><li>• Inclusion, equality and diversity</li><li>• Mental health</li><li>• Dementia</li></ul>  | £8,000            |
| Paid training placements           | Apprenticeships  | £69,000           |
| Training for volunteers            | Includes training in access, inclusion, Includes training in: <ul style="list-style-type: none"><li>• Access</li><li>• Inclusion, equality and diversity</li><li>• Mental health</li><li>• Dementia</li></ul>      | £8,000            |
| Travel and expenses for staff      |  | £2,200            |
| Travel and expenses for volunteers |  | £32,200           |
| Event Costs                        |  | £32,500           |
| Equipment and materials            |  | £102,650          |
| Other costs (activity)             |  | £150,170          |
| Professional fees (activity)       | Includes workshop and group facilitators, practitioners, speakers and mentors  | £269,100          |
| <b>TOTAL</b>                       |  | <b>£1,050,430</b> |

### Other Costs

| Cost Heading                     | Description  | Total             |
|----------------------------------|--|-------------------|
| Recruitment                      |  | £1,000            |
| Publicity and promotion          | Marketing materials/ digital promotions              | £25,000           |
| Contingency                      | Capital contingency                                  | £304,358          |
| Inflation                        |  | £243,486          |
| Management and maintenance costs |  | £198,687          |
| Volunteer time                   |  | £221,000          |
| Contingency                      | Contingency for the delivery of the activities (15%) | £161,465          |
| <b>TOTAL</b>                     |  | <b>£1,154,996</b> |

### Legal implications

17. There are no specific legal implications.

## Risk management

18. The combination of funding streams and complex deliver approach required to enable this significant project to progress requires strict project management and agreement between the funding bodies and the accountable body to ensure delivery of the project.

| Risk / Opportunity   | Mitigation  |
|--|---|
| The RIBA 4 design and fit out works are commissioned and capital funds spent but the project does not proceed resulting in de-capitalisation and unable to draw down grant.  | Project team are working with legal and estates to ensure that grant conditions can be met. Engagement with NLHF and Stronger Town representative to keep them updated and informed of progress.  |
| <p>NLFH Standard Terms of Grant includes repayment clauses (Points 30-33.) This includes repayment of the grant or stopping payment of future instalments if:</p> <p>“h. you fail to make good progress with the <i>project</i> or are unlikely in our view to complete the <i>Project</i> or achieve the <i>Outcomes</i> agreed with us; or</p> <p>i. you fail to keep to any of these <i>Standard Terms of Grant</i>.</p> <p>and</p> <p>“If you achieve the <i>Approved Purposes</i> without spending the full amount of the <i>Grant</i>, you must pay back the part of the <i>Grant</i> you have not spent.”</p> <p>and</p> <p>“If you sell or otherwise part with all or part of the <i>Property</i> without our permission ... or you receive money in some other way as a result of you not following these <i>Standard Terms of Grant</i>”</p> | Project team are working with legal and estates to ensure that grant conditions can be met. There are regular quarterly meetings between project team and NLHF representative to keep them updated and informed of progress.  |
| Failure to engage interpretation designers with the required technical skills to complete the project.   | The council has raised awareness of the upcoming tender opportunities through pre-market engagement activities.   |
| Change of administration during project development period resulting in a change in council priorities, delaying or questioning the project's value/futures.   | The conditions set by and commitments made by the council to funding bodies, as well as cross party support, will mitigate this.  |
| Project is over budget due to incorrect assumptions at feasibility. The project would face value engineering to bring the cost within budget and some objectives may not be delivered. This could also delay the project.  | The project team is working closely with a third party firm and the design teams to look at ways to achieve the project's main objectives, whilst delivering within budget. This decision paper requests additional funding in order to further mitigate this risk. |
| 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. As above, this decision paper requests additional funding in order to further mitigate this risk.  |
| 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 the council procurement team and with the third party'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 the council procurement team and with the appointed third party's procurement team, who understand the current market. This expertise and advice will reduce this risk.  |

|   |  |
|---|--|
| 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 to the council's 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.  |

19. The above risks will be managed by the project team, in conjunction with the community wellbeing directorate. The key risk around the National Lottery Heritage Funding will be entered on the corporate risk register.

## Consultees

20. There have been four phases of consultation through which over 1,000 people have contributed. Public consultation that has been undertaken through the development work with staff, volunteers, partners, users and non-users of the service.

| Area of expertise/ audience group   | Who we spoke to:   |
|---|--|
| Museum and gallery history, values, content, visitor experience and resources | Hereford Museum and Gallery staff and volunteers<br>Museum Service Support Group<br>The Woolhope Club<br>Local History Groups  |
| Strategy and vision, local community priorities                               | Harriet Yellin, Equality Officer, Herefordshire Council<br>Amy Pitt, Service Director for Communities, Herefordshire Council<br>Roger Allonby, Service Director for Economy, Herefordshire Council   |
| Local economy, businesses and tourism   | Hereford Cathedral<br>Local hotel owners<br>Hereford Business Improvement District<br>Herefordshire Cultural Partnership   |
| Local cultural partnerships and audiences                                     | Herefordshire Museums Forum<br>Friends of Herefordshire Museums and Arts<br>Hereford Libraries, Archives and Archaeology   |
| Hereford general public   | Attendees at architect's Consultation Week at Hereford Town Hall<br>Current visitors   |
| Access needs  | Dementia Matters<br>Making it Real (support group for Herefordshire carers and service users)<br>Herefordshire Young Carers Club<br>National Autistic Society, Hereford Branch<br>Accessible Herefordshire<br>Marches Family Network (charity working with children and young people with disabilities and their families)   |
| Key and diverse audiences   | Friends of Leominster Children's Centre<br>Rural Media (Gypsy Roma Traveller Communities and young people)<br>Creative Connections (disadvantaged young people)<br>John Gorman, Hereford Council (adults with learning difficulties)<br>Leominster Area Polish Society<br>Non-user focus groups with: <ul style="list-style-type: none"> <li>o culturally keen adults</li> <li>o families</li> <li>o young people</li> <li>o year 7 pupil premium students, Whitecross School, Hereford</li> </ul> |



| Area of expertise/ audience group | Who we spoke to:  |
|-----------------------------------|---|
| Schools                           | Whitecross school<br>Hereford Council schools mailing list<br>Schools and Learning Office, Hereford Cathedral<br>Hereford Sixth Form College        |
| Further and Higher Education      | Hereford College of Arts<br>NMITE   |
| Community creative projects       | Rose Tinted Rags<br>Rural Media<br>Catcher Media<br>Sarah Chedgzoy, Herefordshire Council - Project Commissioner -<br>Museums, Libraries & Archives |

21. Phase 1 focused on the museum and art gallery's current position in 2022. It included interviews, surveys, in-person and online focus groups. Phase 2 focused on understanding local communities and understanding their perception of the museum and art gallery. This identified barriers to engagement and how to create opportunities for better, broader and deeper engagement. This phase was conducted through one-to-one interviews with key contacts at local groups and organisations. There were also three 'behind the scenes' session with invited participants who were non-users of the museum and art gallery but cultural engaged people.
22. During Phase 3, we worked with target audiences groups including teachers and pupil premium pupils, to understand their needs and barriers to visiting more deeply. We tested ideas and interpretative approaches with them. While in Phase 4 we carried out final consultations with key audiences groups, including local people, culturally keen adults and young people, to test design ideas for the exhibition galleries. We also ran a pilot activity to test the 'Object Conversations' activity.
23. The Hereford Museum and Art Gallery Redevelopment Project Board have been engaged throughout the project. It includes representation from across the council, including Project Management Office, Property Services, Finance, Legal, and Procurement.
24. Political Group Consultation was held on 20 March 2024. The questions and issues raised were:
  - how to ensure there was no overspend on the Engagement and Interpretation Fit-out
  - about reaching beyond Hereford and working with communities in the county towns
  - to ensure LGBT+ communities were mentioned as they will be involved
  - involving local people and using local expertise to collect stories.

## Appendices

None

## Background papers

[Decision - National Lottery Heritage Fund Delivery Grant Acceptance \(Hereford Museum & Art Gallery\) - Herefordshire Council](#)

## Report Reviewers Used for appraising this report:

|                |                     |                 |
|----------------|---------------------|-----------------|
| Governance     | John Coleman        | Date 21/03/2024 |
| Finance        | Karen Morris        | Date 18/03/2024 |
| Legal          | Sean O'Connor       | Date 29/02/2024 |
| Communications | Luenne Featherstone | Date 27/02/2024 |
| Equality Duty  | Harriet Yellin      | Date 01/03/2024 |
| Procurement    | Lee Robertson       | Date 27/02/2024 |
| Risk           | Jo Needs            | Date 27/02/2024 |

Approved by Hilary Hall Date 21/03/2024

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

NLFH National Lottery Heritage Fund