

Meeting Executive
Portfolio Area Regeneration
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TOWNS FUND BUSINESS CASES – NEW TOWN HERITAGE CENTRE & MUSEUM

KEY DECISION

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1 PURPOSE

- 1.1 Stevenage was successfully awarded £37.5m of funding through the Government's Towns Fund programme. Full business cases must be developed and approved by 24th March 2022 for each of the projects that comprise the Stevenage Towns Fund programme. The Council, as Accountable Body, must provide final sign-off for each of the business cases, in accordance with the Towns Fund Stage 2 Guidance. Full Council has delegated approval of each of the business cases to the Council's Executive committee.
- 1.2 This report relates to the New Towns Heritage Centre & Museum project, which includes the provision of a new museum and cultural facility that celebrates the New Towns movement and the important history of the people of Stevenage. This will include modern exhibits that utilise technology, enriches people's understanding of the New Towns movement nationally, and creates an accessible and diverse facility that enriches cultural experiences for as many residents as possible. The facility will be delivered

as part of the public sector hub in the town centre, creating a real cultural and community hub with integration with a food and beverage offer, the library, and pop-up spaces and events.

2 RECOMMENDATIONS

That Executive:

- 2.1 Note the feedback from the Stevenage Development Board.
- 2.2 Approve the New Towns Heritage Centre & Museum business case and delegate authority to Strategic Director (TP) to submit the project summary to the Department for Levelling Up, Communities and Housing Towns Fund team on behalf of the Council (acting as Accountable Body).
- 2.3 Endorse further engagement, building on the work of the Community Select Committee, stakeholder workshops and roundtable discussions as set out in 4.1.2, to support the development of the project.

3 BACKGROUND

- 3.1 In September 2019 the Government invited 101 towns to develop proposals and bid for funding for a Town Deal, as part of the £3.6 billion Towns Fund. Stevenage was identified as one of the 101 eligible towns. Background relating to this process, the development of the Stevenage Town Investment Plan (STIP), and the approval process for the business cases is contained within Appendix A. The breakdown of funding is identified below:

Project	Total (£)
Stevenage Enterprise Centre	4,000,000
Gunnels Wood Road Infrastructure Improvements	1,000,000
Station Gateway Enabling Works	6,500,000
Marshgate Biotech	1,750,000
Stevenage Innovation & Technology Centre	5,000,000
National New Towns Heritage Centre	2,000,000
Stevenage Sports & Leisure Hub	10,000,000
Cycling Connectivity and Arts & Heritage Trail	3,500,000
Town Centre Diversification & Garden Square	3,750,000
Total	37,500,000

- 3.2 All business cases relating to the Stevenage Town Investment Plan are required to be approved by the Accountable body before 24th March 2022. To recap, business cases must include:

- The evidence for the intervention using rigorous analysis of quality data and the application of best practice.

- An assessment of value for money, including showing how different types of projects will be compared and assessed.
- A clear economic rationale, justifying the use of public funds in addition to how a proposed project is expected to contribute to strategic objectives.
- Clearly defined inputs, activities, outputs and anticipated outcomes.
- Appropriate consideration of deliverability and risk along with appropriate mitigating action.
- Whilst there is no minimum value for money threshold set for Towns Fund projects, in order to follow best practice, all business cases must contain robust value for money assessments.
- Business cases should address, in a proportionate manner, the five cases set out in the HM Treasury Green Book.

New Towns Heritage Centre & Museum summary (£2,000,000)

- 3.3 Full information on the Heritage Centre project can be found in Appendices B & C. The project will involve the construction of an allocated space within the new civic Hub into a New Towns Heritage Centre with the opportunity for adjoining culture and leisure space. It will bring a combination of heritage interpretation, culture and education uses together onto one site, integrating with local public and community services within the new Hub. This facility will epitomise Stevenage's strategic aspirations to regain its status as a place for leisure, culture and heritage destination by taking current assets and celebrated heritage and positioning them within the heart of the regeneration and cultural story for the town. This forms one key component of the broader cultural strategy for the town, alongside the development of a new theatre and leisure developments.

The Stevenage National New Towns Heritage Centre project will comprise two key spaces:

- A modern cultural, arts, heritage and education centre
- Adjacent flexible space providing a key resource for events, performances, education and leisure activities.

- 3.4 The New Towns Heritage Centre will include the relocation of the current museum depicting the history of Stevenage's pioneering role in leading the New Town movement and its context in the postmodern era. The content of the museum will build on the existing collection with the aim to exhibit the story of Stevenage in a new and dynamic way by creating interactive, exciting activities that attract families and visitors. The new facility will provide the opportunity to present and interact with heritage in a modern innovative way, whilst continuing to provide learning spaces for handling collections to meet the demand for schools and education providers. The facility has the potential to become a destination for a wide variety of audiences (nationally and internationally), including students researching urban planning,

professionals and policy makers learning from the New Town impact, residents and visitors.

- 3.5 The flexible spaces available will be curated by Museum and Cultural teams to provide a key venue for the town's cultural activities which might for example include musical, film and other live performances, dancing classes, special interest talks and events, conferences, and meeting space to support the town's key public services and community support groups. Furthermore, with the library being co-located within the hub, this enhances the opportunity to continue and strengthen partnership working and broaden educational and community activity. This facility aims to widen the cultural opportunities for performance within the town and simultaneously provide an event space, in conjunction with the proposed café, that can provide revenue to sustain the business model and support economic spend by driving footfall within the town centre.
- 3.6 A key focus will be linking the old and new aspects of Stevenage, exploring and curating culture and art of the period when Stevenage was first conceived and developed, showcasing the New Town & modernist movements and linking this to current ideas and developments emanating from within the town, such as inventions of global significance like the Mars Rover.

Community Select Committee & Stakeholder Engagement – shaping the facility

- 3.7 The proposed facility has benefitted from a significant body of work carried out by the Council's Community Select Committee. This two site visits on 15 & 22 October 2021 to two comparable cultural centres in Milton Keynes and Colchester, an informal meeting of the Committee on 25 October 2021 and formal meetings of the Committee on 21 September, 3 November and 30 November 2021. The aim of this work was to give the cross-party representation of Members, who have a keen interest in cultural development in Stevenage, the opportunity to help shape the early thinking around the project.
- 3.8 The work has resulted in five main recommendations, which have been considered as part of the business case development. These include:
- (i) curation and arts programme linked to community engagement and governance;
 - (ii) virtual museums and digital technology linked to the concept of museums without walls;
 - (iii) the building design features linked to the use of technology in the building;
 - (iv) the commercial activity/funding/cost point for entry and
 - (v) developing a hub and spoke approach for arts & historical heritage across the town

A full summary of the recommendations is provided in Appendix D.

- 3.9 The recommendations have informed the business case, which has been developed in tandem with the engagement. Recommendation (i) has informed the importance placed on an exciting and diverse curation programme, which links with the wider town centre and cultural programme, and governance will be embedded as the project itself prepares to move forward. Recommendation (ii) has been captured as part of the outputs and operational plans, but specific designs will need to be prepared at a later stage in the process. Recommendation (iii) will be captured as part of the architectural design brief of the building, and work is underway to explore opportunities. Recommendation (iv) has been captured as part of a high-level operating plan to inform the business case, and the economic case has assumed no fee at point of entry to maximise accessibility. Recommendation (v) will require broader work and support from colleagues, but the business case recognises the opportunity to enhance cultural experiences for as many residents as possible.
- 3.10 In addition to the Member engagement, In preparation for the business case a series of engagement consultation sessions were held to understand what community stakeholders with a vested interest in Stevenage Museum, value about the current museum and the guiding principles that should be taken forward for the new facility. A wide range of stakeholders attended one of three focus groups in November 2021 including regular visitors, volunteers, public sector and community partners, business owners and other leading organisations. The focus groups discussed:
- Current and future audiences
 - Barriers to engagement
 - The current museum – what works and what does not
 - The new facility
 - Potential ways of working together
 - Physical infrastructure
 - The most important elements to take forward
- 3.11 The full findings of these meetings can be viewed in Appendix E, however the essence of the findings are that the new facilities should be:
- ”A community asset based on the ground floor of the new building, with additional staff and resources to tell the story of Stevenage contextualised by the story New Towns. The community stakeholders want the spaces to be interactive, co-created, developed and delivery in collaboration with the local community and embodying the pioneering spirit of Stevenage.”*
- 3.12 ‘The heart of a town lies in its people’ is the moto on Stevenage’s coat of arms; a phrase that was recounted a number of times in the consultation as the guiding principle for how Stevenage Museum is currently delivered and how it should be delivered in its new home in the centre of its town.
- 3.13 A roundtable discussion was also held with a number of stakeholder organisations, including Arts Council and Historic England. The

representatives were very supportive of the aims and ambitions of the project, and the recognition that a strong cultural offer was important to the regeneration ambitions for the Town. Further dialogue will be required to build on this, and explore opportunities for funding to support the National elements of the project. This can be linked to the design of the wider hub building, allowing more time to amend the size of the heritage centre as thinking and funding evolves.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 This report recommends approval of this Stevenage Towns Fund business case, which sets out a case for:

- New Towns Heritage Centre (£2,000,000)

4.2 Both the summary version and full version of the business case have been included as appendices to this paper. The business case provides detailed assessment of the strategic, economic, financial, commercial and management elements of the business case, with detailed consideration of the benefits, risks, outputs and outcomes of the project.

4.3 The business case under consideration has been reviewed by the officer group and Assurance Panel, which includes the Chair of the Stevenage Development Board..

4.4 To date, the Assurance Panel, which is made up of representatives from the Board and supported by Stevenage Borough Council Officers, have provided support for the business case. Key comments from the assurance panel are summarised below:

- Ensure that the 'national' opportunities are suitably emphasised, with the potential for international visitors relating to the New Town movement
- Enhance the economic benefits of the operating/running cost savings relating to providing the new facility in a shared building; this supports both value for money and the operation of the building
- Need to promote the 'cultural package' that this intervention provides the platform for; new experience-focused garden square, evening economy/entertainment, events and pop-up activation, improve the overall offer of the museum aspects
- Future branding exercise required in conjunction with public and stakeholders to co-produce the facility's identity
- Need to recognise the work carried out to date to look at other examples as precedent projects, but also recognise that there is still much more to learn from existing facilities, especially those that have been delivered more recently.

4.5 The business case was presented to the Stevenage Development Board on 20th January 2022, incorporating feedback from the Assurance Panel. The

project attracted a wide range of stakeholders to comment, with strong support, enthusiasm and optimism for the project, which was unanimously endorsed by the Board. Some comments also provided scope for future work and focus, such as including educational provision within the space, the importance of the curation of events, and ensuring that the facility caters to a wide range of people, from local residents to academics.

4.6 The purpose of this project is to bring a combination of heritage interpretation, culture and education uses together onto one site, integrating with local public and community services within the new Civic Hub so that:

- Visitor numbers in the town centre will increase increasing patronage of and in the longer term more investment in good quality retail, food and beverage outlets and leisure amenities.
- Broader range of visitors utilising the space
- Increase in younger people engaged in learning activities, conducive to higher levels of motivation and aspirations.
- Major synergies and cost efficiencies will be achieved by co-locating these activities.

This is considered to be a significant benefit for the town, and will provide an opportunity to deliver many of the aims and ambitions of the cultural strategy, Stevenage Re-imagined. This strategy and action plan places an emphasis on linking the opportunities of regeneration to develop the environment for creative industries, leisure and cultural assets, and active community groups to thrive, resulting in a place of creation and activity.

4.7 There is an exciting opportunity to capitalise on the growing national and international recognition of the importance of the New Towns movement, and the influence that New Towns and Garden Cities still have over 'good practice' in the field of Town Planning today, from community cohesion and creating a successful social fabric within sustainable neighbourhoods, to the role of design, architecture and art in creating vibrant and engaging places. The project team will work with key stakeholders to explore these opportunities and maximise the wider appeal of the facility. The Council is ambitious in this area, and many stakeholders have commented on this opportunity, but support of external bodies will be required to match the ambition.

4.8 When the Heads of Terms were agreed with Government in 2021, this project did include a set of conditions attached to it; these stated that the business case and project must:

- Provide further analysis of costings, including more information about costs for each element of the project.
- Provide more evidence on the long-term financial sustainability of the project, including how running costs will be covered.
- Provide further detail of the impact of this project through inclusion of a broader range of outcomes and outputs.

4.9 The business case provides a thorough assessment of each of the above points, including the production of a high-level draft business plan, which will

be evolved as the project progresses. Overall, the Council as Accountable Body is in a position to advise Government that the conditions have been met in the business case, and will be continually monitored throughout the project.

- 4.10 The alternative options available to the Council are:
- Not to approve the business case, or
 - Defer approval of the business case until any issues are resolved or further information is provided.
- 4.11 Based on the information presented, Officers are satisfied that the business case can be suitably controlled through conditions relating to the drawdown of funding, and no further amendments are required. It is acknowledged that the business case is a living document, which will be updated as developments progress. The other options available would have a significant detrimental impact on the success of the Towns Fund and Transforming Your Town programme, with no tangible benefits.
- 4.12 The work completed so far, including the engagement with the Community Select Committee, provides a strong foundation to move the project forward. If the business case is approved, Officers will develop a detailed delivery programme for the project, embed the governance proposals, and develop an enhanced engagement programme to ensure that the facility capitalises on opportunities for co-production, building on the interest expressed to date. The design of the building itself will be carried out as part of the wider hub commission, but the design of the internal space, fit-out, events curation plan and operating model will be delivered as part of an individual project, to ensure the right balance of integration, whilst also recognising the scale and importance of the new culture and heritage asset.

5 IMPLICATIONS

Financial Implications

- 5.1 In relation to the Heritage Centre business case, the original submission to government sought £3m of grant funding. Following the award of funding in principle (offer letter), £37.5m on funding was awarded to Stevenage. This resulted in the total grant funding from government reduced for some projects. This project was reduced from £3m to £2m.

Detailed costing work has been carried out to estimate the total construction cost of the heritage centre/museum elements of the building, as shown in the table below:

Museum building size	550m ²
Museum shared space	200m ²
Total construction cost	£1,622,636

Total fit-out costs	£500,000
Total shared building costs	£535,000
Total professional fees #	£279,000
Total project cost	£2,936,636

- 5.2 The circa. £936k direct construction cost will be match funded by the Council, and forms part of a total of £3m of match funding, the remainder of which will be met from the overall Hub funding strategy including the SG1 land receipts invested in to the construction of the wider hub building. The costs shown deliver the museum space to benchmarked costs for multi-purpose space fit-out, however any further specialist fit out costs over and above that included in the assumptions above will require third party funding or an increase in SBC funding levels.
- 5.3 In considering the overall financial risks of match-funding cumulatively to those already approved. Across tranche 1 and 2, the Council is exposed to circa. £1.25m of capital that could revert to revenue if a capital scheme is not delivered across the Gunnels Wood Road and Station Gateway projects, and circa. £3m of direct match-funding to deliver the Station Gateway project.
- 5.4 To mitigate further financial risk through this business case, a full costed programme for the total building should be agreed prior to any Towns Fund monies being released for this project, and if monies are used for design, they should be ring-fenced in the construction funding plan, in the unlikely event that the project doesn't proceed, they can be repaid if necessary.

Legal Implications

- 5.5 In relation to the Heritage Centre business case, the approval process previously set out at Executive and Council ("Transforming our Town Centre progress update and Towns Fund decision making") has been followed, and the documents have been prepared in accordance with the Towns Fund Stage 2 Guidance referenced in the decision-making report. There will be further decision-making gateways required, including separate consideration of the planning application, and consideration of the funding plan for the match funding, as this is a project that will be delivered by Stevenage Borough Council.
- 5.6 The Development Management services have been procured and are governed by the SG1 Development Agreement between Mace and Stevenage Borough Council.

Risk Implications

- 5.7 Full details of risks relating to each of the business cases can be found within the full business case.
- 5.8 The Towns Fund programme provides a significant opportunity to draw in substantial levels of funding to support the regeneration of the town. Across a range of projects, there are elements of risk, as some projects will require

match funding (as set out in the business case), or require capital investment and to proceed into delivery to avoid project costs generating revenue impacts. A number of strategic risks have already been identified for this project. The key risks include:

Stevenage National New Town's Heritage Centre: Project Risk Register

Risk Register L: Likelihood; I: Impact; T: Total

Ref.	Risk	Triggers	Consequences	Controls	Risk Score			Contingency	Responsible Person	Date: Added/ Updated
					L	I	T			
001	Covid-19 Outbreak and possible introduction of lockdown measures	Negative changes to working practices through social distancing. Uneconomical for construction supply train to operate. Added delays due to drop in output levels through covid	Shortfalls in manufacturing capacity causing price inflation. Project delay by significant social distancing measures. Negative Change in payment practices.	The need to implement practices to ensure safety. Client, consultants, and contractors work together to agree common solutions. Innovative approaches to procurement are in place. Allow for time extension in contracts. Monitor financial resilience of supply chains.	4	4	16 R	Scenario planning to assess the impact of the closedown and reduced output levels and advise clients accordingly to ensure timely completion. Bring in additional temporary labour. Review planning conditions and seek changes where possible to enable sites to operate in shifts over longer working hours. Manage cash flow.		

002	Construction labour shortages create delays	Conclusion of contracts with building contractors for public realm and site redevelopment EU restrictions (Brexit) on contractors and independent consultants	Delays to completion of both due to recruitment difficulties for contractors and consultants, Cost overruns	Appropriate and timely contractual arrangements	4	5	20 R	In development agreement commitment to bring in additional temporary labour to ensure projects are completed on time.		
003	Labour shortages in freight transport and supply industries delay construction progress	Construction progress reports noting failure to progress on schedule. National shortfall in haulage capacity	Delays to completion of project due to shortages of materials and components. Cost overruns	Contractual arrangements	5	5	25 R	In development agreement incorporates commitment to build up advanced stocks of materials. Build in sufficient contingency time in delivery programme to address possible delays.		
004	Development of the Heritage Centre constrained by unknown site conditions.	Physical obstructions. Physical conditions. Asbestos removal issues.	Need to change working methods. Revision of the design. Delays in delivering the development. Cost escalation.	Clear and appropriate description of works in technical documents. Clearly defined scope of works e.g. contractor's design obligations and buildability obligations	2	4	8 Y	Contractual provisions to manage unforeseen site conditions e.g. physical obstructions or physical conditions.		

005	Climate changes and weather conditions	Unusually harsh weather conditions. Impact of unusually harsh weather conditions on aspects of project	Bad weather retards progress of the construction programme or parts of the construction programme	Regular progress reviews. Timely communication	3	4	12 O	Build in sufficient slack in the programme to cover for unforeseen eventualities such as weather		
006	The construction cost exceeds the limit for the project or other issues arising during the design & development phase	Capital & revenue overspends. Inadequate project management. Failure to resolve conflicting priorities. Robust financial systems are not established.	Impact on capital programme. Revenue overspends. Requirements to make compensatory savings to balance budget. Increased legal fees. Reputational damage.	Client management relationship. Rigorous and well-informed project monitoring reports. Effective communication. Appointment of key personnel.	3	4	12 O	Appointment of a B&D contractor in a two-stage process with a caveat to end the contract after the first stage should the Council wish to make that decision (PCSA - Pre-Construction Service Agreement). A cost consultant will be involved from an early stage of the project to ensure contractor's proposals are realistic and within budget.		
007	Failure to achieve planning approval	Notification of Council decision	Major delay to completion. and project interdependencies.	Planning approval has been expedited and is well advanced. Through consultation, scope of objections well understood.	1	5	5 Y	Close cooperation with Planning.		

008	Constrained nature of the site limits the volume of building which can be accommodated, the range of uses and how the buildings are organised on site.	Funding restricted / stopped. Poor management decisions. Failures in contractor / partnership working. Poor project management. Poor planning	Project delays/overruns. Reputational damage. Cost overruns. Public dissatisfaction. Discouragement of future partnerships. Delay, impact on service delivery.	Regular meetings with designers / contractors. Effective procurement strategy. Post contract reviews. Regular and timely meetings with planning. Robust project management.	3	3	9 Y	Close cooperation with Planning.		
010	Dissatisfaction of local residents with proposed content and/or design of the new heritage centre	Publication of outline and detailed designs	Likely delays to construction if design changes are needed	Comprehensive consultation programme to be maintained particularly at early stage to capture preferences from local residents.	2	5	10 Y	Market Research and focus groups to provide ample evidence of what the public expect from the new Heritage Centre and leisure space. Extend process to enable preliminary designs to be market tested with the public.		

5.9 The key risks and mitigation at a programme level can be summarised as follows:

Key Risks	Mitigation
Business cases and summary sheets are not signed-off / submitted in time and funding is lost	Programme and resources have been established with a dedicated programme manager and oversight from Assistant Director (Regeneration) and Strategic Director (TP) to ensure products are commissioned and programme is on track
Business cases are rejected by Accountable Body/Development Board	Early engagement with both organisations to ensure they are involved and have oversight of business case development, to ensure they are supportive of the direction of travel
Sign-off process and/or decision routes are challenged	Developed sign-off process and governance as set out in this paper in accordance with guidance and best practice
The cumulative risk of Towns Fund projects has a material impact on the Council's Medium-Term Financial Strategy	Each project will highlight the potential areas of risk (in this case, related to the approach to avoid any risks of capital claw back), and previous Towns Fund project. At this point in time the previous Towns Fund project (Gyratory) also highlighted risks of capital clawback, which also has mitigations in place
Money spent at risk not recovered and resulting in a General Fund pressure if projects don't proceed	Careful diligence of spending in early stages of the projects; not progressing to business case stage unless we are confident the project is deliverable; review of risk in entirety across the programme
Funding not sufficiently secured by accountable body, including match-funding	Towns Fund spend profile to be reflected in the Council's capital strategy, with individual projects returning to Council for future sign-off when at a suitably advanced stage to give Members the full information necessary for final budgetary sign-off
Third-parties do not deliver to timeframe or budget, and/or don't follow relevant procurement guidelines	All projects being delivered by a third-party to have a funding agreement in place with the Accountable Body
Business cases called-in and potentially challenged by	Utilising business case template provided through the Town's Fund resource;

BEIS/DLUHC	representative from BEIS to attend Development Board meetings and have sight of business cases at an early stage.
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Policy Implications

- 5.10 The development will contribute to the delivery of regeneration within the town centre and will help to deliver key objectives of the Council's Sustainable Transport strategy, Future "Town, Future Transport" (adopted 2019) and will also help to deliver on the Council's commitment to reducing carbon emissions as stated in the Climate Change Strategy (adopted 2020) through low-carbon developments. The project will also fulfil many of the Cultural Strategy ambitions.

Planning Implications

- 5.11 Outline planning permission has a resolution to grant as part of SG1; no specific planning permission in place for the heritage centre.

Environmental Implications

- 5.12 A core value of embedded within the framework for appraising these projects is focussed on ensuring due consideration to Environment, and where possible support the reduction of impact of Regeneration on the Environment.
- 5.13 There is a significant focus on utilising brownfield sites and spaces to their maximum potential through the Stevenage Town Investment Plan, and a clear drive to focus on sustainable travel options, through both public and active transport initiatives.
- 5.14 Better land use planning is a key concept for mitigating emissions and allowing people to make the behavioural changes required to reduce their carbon footprints in the long run. New buildings will improve the environment, not detract from it.

Climate Change Implications

- 5.15 The project presents an opportunity to make a positive contribution to the Town's climate emergency and net zero ambitions, but utilising space in a multi-purpose building which is designed to limit the use of new resources through both the construction and operation phases. Stevenage has a recognised legacy as a green and diverse environment, and the new asset has an opportunity to promote this through its displays.

Equalities and Diversity Implications

- 5.16 No specific equalities and diversity implications for this tranche of business cases.

APPENDICES

- A Background to the Town Investment Plan development and business case requirements
- B Heritage Centre business case summary
- C Heritage Centre full business case
- D Community Select Committee recommendations
- E Stakeholder engagement report