

**Written statement of a key decision**  
**Cabinet member corporate strategy and budget**

<b>Title</b>	<b>Shell Store Incubation Centre</b>
Decision maker	Cabinet member corporate strategy and budget Information about cabinet, including the names and contact details of the cabinet members, can be found here: <a href="http://councillors.herefordshire.gov.uk/mgCommitteeDetails.aspx?ID=251">http://councillors.herefordshire.gov.uk/mgCommitteeDetails.aspx?ID=251</a>
Date of decision	9 August 2017
Report exemption class	Open
Reason for being a key decision	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.
A notice was served in accordance with Part 3 (Key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.	
General exception or special urgency (as defined in the constitution)	No
Purpose	To seek approval for the refurbishment of the "Shell Store" building, within the Hereford enterprise zone, to enable the construction of new incubation and research space facilitating business investment and job creation.
<b>Decision</b>	<b>THAT:</b> <b>(a) the refurbishment and conversion of the redundant "Shell Store" building into 2,137 sqm of commercial and research floor space on the "Skylon North" site within the Hereford enterprise zone as identified in appendix 1, and at a cost of no more that £6.498m be approved; and</b> <b>(b) the programme director growth be authorised to take all operational decisions necessary to implement the above recommendation including planning and funding applications, procurement and contractual steps within the approved budget.</b>

Reason for the decision	As set out in the report. Documents relating to this decision are available at <a href="http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?IId=50020043">http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?IId=50020043</a>
Options considered	<p>Not proceeding with the development</p> <p><b>Advantages</b> This option would mean that the council would not have to utilise its approved self-financing borrowing capability; the council would not be exposed to the risks associated with this project.</p> <p><b>Disadvantages</b> This option would result in a continuing lack of start-up space available to rent within the Hereford enterprise zone (EZ), and wider Hereford city, and an identified need and demand not being met. Should the council not proceed with the development but market the site for sale as commercial land it is unlikely to receive a positive value given the considerable demolition and reinstatement costs associated with the clearance of the building. This is considerably less than the end value of the proposed scheme. The full potential of the EZ would not be realised in terms of built floor space and jobs created.</p> <p>A partnership approach procuring a development partner to provide finance and expertise</p> <p><b>Advantages</b> This would involve the private sector taking an element of financial risk in the project with a corresponding reduction in the council's financial risk. An experienced development partner brings with them commercial imperative and requisite expertise.</p> <p><b>Disadvantages</b> We have tested the market and there is no interest amongst private sector developers to become involved in the redevelopment of a historical building, particularly given the relatively small floorspace and intention to let on short term flexible leases, which would be limited to certain specific sectors targeted by the EZ. In addition a private sector investor would require a profit margin and that would increase total project costs.</p>
Declarations of interest (see below)	
Call-in expiry date (decisions are not subject to call-in where special urgency provisions apply)	16 August 2017

Councillor: .....

Date 9 August 2017

Cabinet member corporate strategy and budget

(Councillor AW Johnson)

- a record of any conflict of interest declared by any executive member who is consulted by the member which relates to the decision;

and

- in respect of any declared conflict of interest, a note of dispensation granted by the relevant local authority's head of paid service.