

DECISION MAKER:	CABINET MEMBER: Contracts & Assets
DECISION DATE:	28 March 2014
SCRUTINY COMMITTEE FINAL CALL-IN DATE:	2 April 2014
DATE DECISION MAY BE IMPLEMENTED:	3 April 2014
TITLE OF REPORT:	RENOVATION OF THE FORMER SHELL STORE BUILDING, NORTH MAGAZINE, ROTHERWAS
REPORT BY:	Economic Development Manager

Classification

Open

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 to which the decision relates.

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

Hollington

Purpose

To approve the renovation of the former Shell Store Building for a visitor attraction purpose; to approve a submission to the Heritage Lottery Fund (HLF) for the renovation costs; and to approve the bankrolling of any successful HLF bid.

Recommendations

THAT:

- (a) the renovation of the former Shell Store building be approved subject to external funding being secured;
- (b) a funding application be submitted to the Heritage Lottery Fund, and
- (c) bankrolling by Herefordshire Council, as accountable body for the funding, of any successful HLF application be approved.

Alternative Options

1. That Herefordshire Council demolishes the former Shell Store building and disposes of the land on the open market for employment purposes.

This option has been discounted because the city would lose a significant heritage asset and the demolition and land remediation costs would greatly reduce the land receipt of circa £200,000 greatly reducing the value for money of this option.

2. That Herefordshire Council decide to renovate the former Shell Store for an alternative purpose.

This option has been discounted due to the lack of availability of external funding that could be sourced to support a non-heritage type use. There is currently no business case for bringing forward the building for a commercial use.

Reasons for Recommendations

3. Although it is not listed the Shell Store building is considered a significant cultural and heritage asset that, when restored, will complement the redevelopment of the North Magazine site within the Hereford Enterprise Zone. Restoration of the building will only be considered should external funding be made available, HLF funding is considered the most realistic external funding option. HLF will require an accountable body to be identified to underwrite the application and any award of funding, as the former Shell Store is located on council land it is considered appropriate that the council is the nominated accountable body.

Key Considerations

4. Much of the Hereford Enterprise Zone is located on land that was previously a munitions factory in both the First and Second World Wars. With the development of the Rotherwas Industrial Estate, the allocation as employment land within the Unitary Development Plan, and designation as an enterprise zone much of the buildings and structures forming the former munitions factory have gradually been demolished and cleared from the site.
5. One of the remaining structures is a former Shell Store building located on the North Magazine site within the enterprise zone, please see attached map at Appendix 1 for the location of both the Shell Store building and North Magazine site.
6. Built in 1916 the building formed part of the Rotherwas Shell Filling Facility employing at its peak 6,000, mainly women, in 1918 the factory output averaged 70,000 shells a week. Unlike a number of similar facilities across the country, after the end of the First World War the Rotherwas factory was retained by the Ministry of Defence on a

“care and maintenance” basis. In 1926 shell production resumed and the wider factory was refurbished and modernised. The factory complex was used again in World War II as the Royal Ordnance Factory Rotherwas, when both shells and bombs were manufactured.

7. The building itself is of “north light” design, which is typified by the distinctive saw tooth roof line, and is of steel frame and brick wall construction, the roof is glass and asbestos panel. The building measures 115 m X 37.5 m (1 acre), with a lattice steel roof giving a floor space entirely unencumbered by vertical columns.
8. In addition to the former Shell Store building a number of other, smaller, buildings from the munitions factory exist on the north Magazine site. These include a number of “blast walls” (which were built around shell filling sheds and designed to “contain” explosions should an accident occur), air raid shelters, and other assorted facilities.
9. Given the buildings architectural and heritage merits the Enterprise Zone Board have considered ways in which the former Shell Store could be retained, and potentially refurbished, to provide amenity value to the enterprise zone project and wider Hereford community. Furthermore, it is considered appropriate that any restoration of the building should coincide with the 100 year anniversary of the buildings opening and the wider commemoration of the First World War. This has introduced a definitive timescale into the consideration over future use and funding.
10. The steel frame has been independently structurally surveyed, the conclusion of which is that the frame is sound with minimal requirement for replacement or reinforcement. However many of the glass roof panels are smashed and the asbestos elements will need to be removed.
11. The Enterprise Zone Board has undertaken some exploration of potential future uses for the building from a heritage and recreational perspective. Council officers have advised that any future uses requiring the renovation of the building, or any ongoing revenue costs, would need to secure external funding.
12. The Enterprise Zone have had advice from council officers and external consultants that the HLF would be the most realistic and viable source of external finance to fund any renovation. Consequently careful examination of the HLF criteria has influenced the nature of the renovation proposals.
13. HLF operate a number of different funds to cater for different types and sizes of project. The HLF Heritage Grant awards grants of over £100,000; decisions on applications for between £100,000 and £2m are taken by committees on a regional basis. Any application for over £2m is assessed on a national basis and requires a decision from the HLF Board of Trustees. The council has been advised that a project of this nature would stand the best chance of success if competing at a regional rather than national level.
14. The HLF Heritage Grant has a two stage application process, this is so applicants can apply at an early stage of planning any project and get an idea of whether the project has a good chance of getting a grant before submitting proposals in greater detail.
15. The following ambitions have been established for the restoration of the building

- a. Connect with Nature - Revealing the horizon
 - b. Capture the Essence of the War Effort - Remembering the past
 - c. Establish an Evolving Use for the Site - Curating the Future
 - d. Present the Structure Beautifully - Celebration of an awe-inspiring span
 - e. Provide Accessibility for All
16. Working within the HLF application criteria, the requirement to keep any HLF contribution under £2m, and the ambitions set out above; the Steering Group are proposing that a “do minimum” approach is taken with the restoration of the building. The approach would look to incorporate the following elements:
- a. A refurbished roof, removal of the asbestos and replacement of glass panels.
 - b. Removal of the majority of the buildings brick walls. Rebuilding of any remaining walls.
 - c. Refurbishment and replacement, where necessary, of the steel structure.
 - d. Levelling and repair to the concrete floor.
 - e. Installation of basic facilities – toilets etc.
 - f. Establishment of high quality surrounding external environment, including car parking, links to connect 2 cycleway and footpaths, interaction with other remaining factory buildings.
 - g. Interpretive materials both internally and externally situated around the building.
17. It is felt that this approach will retain the fabric and architectural quality of the building and creates a structure which can be utilised as a public open space. This will provide a facility which will emphasise the previous use, allow for interpretive and historical information, and become a community space utilised by both employees from within the Enterprise Zone and the local residential community.
18. To take forward this project to the stage where a Phase 1 application can be submitted to HLF a project manager is in the process of being appointed by Herefordshire Council and a Steering Group from within the Enterprise Zone Board is being set up. The Project Manager role is a time limited contract not expected to exceed 6 months duration. The Steering Group will be accountable to the Enterprise Zone Board and, as a council asset, any decision affecting the financial or structural integrity of the building will be required to have the approval of the council as drafted in the enterprise zone legal structure.
19. If the council is successful in securing HLF funding for the project it will be required to become the projects Accountable Body. This will involve bankrolling spend on the project prior to claiming finance back from the HLF. This is a situation the council has performed on a number of other external funding arrangements and projects.
20. This bid and project will support and complement other potential heritage projects being developed by Herefordshire Council e.g. a bid of approx. £90,000 for equipping the new HARC with conservation equipment for use by the community, the Project Manager will ensure the coordination of any relevant Council bids to the HLF.

Community Impact

21. There is considerable community interest in the heritage and architecture of the former munitions factory and the former Shell Store as the largest remaining structure from this period. Additionally there is considerable interest in the lives and legacy of

the people who used to work in and around the factory. Involvement of the local community (schools, interest groups, other stakeholders) is a requirement of HLF funding, the project manager and steering group will be responsible for engaging with the local community and ensuring their input and the satisfaction of HLF criteria.

22. It is a longer term aspiration to utilise the facility as a potential teaching resource for local schools, local history groups, and for those interested in the wider history of Hereford.

Equality and Human Rights

23. There are no equality or human rights implications arising out of this proposed renovation.

Financial Implications

24. In considering the renovation of the building for a recreational and heritage purpose, the council is foregoing a potential land sale receipt. The building is approximately 1 acre in size, land values within the Enterprise Zone are reaching circa £200,000 per acre.
25. However before any land receipt can be realised the building would need to be demolished and the land would need to be remediated against any potential contamination. There is no definitive cost available for demolition or contamination remediation, survey and testing work would be required to establish the extent of any contamination. It should be recognised that asbestos and other harmful material was present across the rest of the North Magazine site. A conservative estimate of the demolition and other costs is in the region of £50,000 to £75,000.
26. Should either Phase 1 or Phase 2 HLF application be unsuccessful the council will not proceed with the project.
27. The council are liable for any cost over runs throughout the project. Project costs are being considered by independent quantity surveyors, these costs will be shared with the council's own surveyors prior to submission of any HLF application so that the costs can be checked.
28. The total refurbishment capital cost estimate is circa £2.2m with HLF providing £2m and the Council £200,000, as mentioned below this will be the value of the land on which the building is located. HLF bids of over £1m require the applicant to provide matched funding of at least 10%, the Council will utilise the land value as the source of this match funding.
29. There will be an ongoing repair and maintenance requirement for this project, these costs will be met from within the revenue funding generated from the retention of business rates from within the Enterprise Zone. Due to the nature of the capital works (the stripping back of the building to form a "shell" with minimal servicing requirements) it is expected that any maintenance liability will be kept to a minimum.
30. The Project Manager costs are being met from within the Enterprise Zone Executive Team budget; this is an agreed budget within the Economic Development service area. The completed Shell Store facility will be unstaffed and therefore will not require any ongoing annual staffing budget from Herefordshire Council.

Legal Implications

31. Any HLF award will require the council, as accountable body, to sign a funding agreement committing the council to the project implementation for between 10 and 25 years, depending on how the HLF perceive the level of capital works required. This agreement will be forwarded to the Legal Team for advice and guidance prior to the council signing.
32. HLF require a clear accountable body for the implementation and management of the project, to conform to HLF requirements it has been recommended that the Council perform this function. Once completed the Council will consider alternative future ownership and management arrangements if the project is implemented successfully, a further report will be brought to the Cabinet Member setting out the management options and the legal implications of each.

Risk Management

33. If successful, there is a financial risk to the council in becoming the project accountable body and bankrolling the grant expenditure. The mitigation of this risk will be managed by the project manager and steering group, additionally the renovation costs have been considered by independent quantity surveyors and the council's own in-house property team. Failure to adhere to the agreed purposed within any grant letter may lead to the HLF clawing back some or all of their investment at any time during the agreed period.
34. The development of this site as a heritage offer owned and run by Herefordshire Council could be perceived by the community as contradictory at a time when the Council are planning to outsource current heritage focused services.

Consultees

35. Hereford Enterprise Zone Board.
36. Enterprise Zone Stakeholder Group
37. Cllr Sinclair-Knight, Cllr Chappell, Cllr Rowe, and Cllr Preece

Appendices

Appendix A – Location Map for the former Shell Store Building and North Magazine site.

Background Papers

None identified.