

# **Title of report: The future use and refurbishment of Shirehall**

**Meeting: Cabinet**

**Meeting date: Thursday 24 November 2022**

**Report by: Cabinet member commissioning, procurement and assets;**

## **Classification**

Part exempt

This report is open but an appendix is exempt by virtue of the following paragraph(s) of the Access to Information Procedure Rules set out in the constitution pursuant to Schedule 12A of the Local Government Act 1972, as amended.

- 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

## **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**

Central; College;

## **Purpose**

To agree which of the presented recommendations, if any, present a preferred way forward regarding the investment in council owned heritage sites within Hereford city centre, namely, Shirehall to inform the capital bid process and to invite Cabinet to propose alternative recommendations for further development and consideration.

## **Recommendation(s)**

**That:**

- a) Cabinet decide upon one or more of the following listed options, or any other option Cabinet wish to consider:**
- 1. invest in and retain the Shirehall campus; OR**
  - 2. dispose of the Shirehall at an operationally suitable time by either lease or open market freehold; OR**
  - 3. To place the report on hold to allow further investigations on potential future uses of the building linked to the outcome of the Corporate Asset Review and the outcome of the planned asset transfer of the Town Hall.**
- b) Delegated authority is given to the Director Resources and Assurance following consultation with the Cabinet Member for Commissioning, Procurement and Assets to take all operational decisions necessary to implement the preferred recommendation;**
- c) If option 1 is chosen, then not more than £60k from the 'Solar photovoltaic panels' capital budget be drawn for the installation of solar panels on Shirehall and the Sustainability and Climate Change Manager be given delegated authority for all operational decisions relating to the installation of solar PV on Shirehall;**
- d) If option 3 is chosen, then the staff car park (M-F) at the Shirehall be reviewed to consider if it can be made available for public pay and display parking for seven days per week until a formal decision on the future of the site can be made.**
- e) Delegated authority is given to the Director Economy & Environment following consultation with the Cabinet Member Infrastructure and Transport to take operational decisions necessary to alter the parking order at Shirehall temporarily.**

## **Key considerations**

1. It should be noted that Cabinet have made a commitment in the Delivery Plan 2022-23 [Delivery Plan 2022-23 \(herefordshire.gov.uk\)](https://www.herefordshire.gov.uk) , page 10 to
  - Management of the council's assets to maximise their use (supporting objective CO0)
  - Plan capital works for the Shirehall to bring back into council and community use.

2. The Shirehall campus consists of the Shirehall building along with 33-35 Union Street Offices and 1a St Owens Street. The Shirehall building is Grade II\* Listed and in brief, comprises:
  - Courtrooms x 2 and associated Jury/ Court rooms, custody suite and ancillary offices
  - Assembly Hall
  - The Council Chairman's Room
  - Committee Room
  - Undercroft- previous council offices
  - CCTV surveillance room monitoring council owned public open spaces
3. The Shirehall was used as an events venue for a variety of occasions from choirs, clubs, dance, fayres and meetings. It is widely acknowledged that the Assembly Hall is the best musical venue in Hereford and key musical groups and organisations are keen to use it once again. The Assembly Hall also offers a significant meeting or events venue for public consultation, organised events or more informal gatherings.
4. Both 33-35 Union St (Grade II) and 1a St Owens Street (Grade II\*) are used by the council's Children's Services to deliver front of house services to clients and the continued use of them by the service is currently under review. All buildings are Listed and the Shirehall campus also includes a Listed telephone box and statue as well as a pay & display car park (staff parking Monday - Friday).
5. In June 2020, the Shirehall suffered a ceiling collapse in Courtroom 1. At this point, the property was taken out of use due to safety concerns and a project set up to carry out surveys and investigations to establish the nature and extent of the issues. Briefings were undertaken with the Cabinet Member for Commissioning, Procurement and Assets and the Cabinet Member for Finance, Corporate Services and Planning at key stages of analysis where a desire to reinstate the building and tenancy of HM Courts & Tribunal Service (HMC&TS) was expressed along with a vision of a civic hub approach.
6. The building continues to be closed to use (with the exception of the CCTV room and imminent relocation of the Chairman's Room) with the project having reached the end of RIBA Stage 3 - meaning that the council has an architectural concept and cost plan based upon surveys and design works. Project work has been undertaken in close liaison with the council's Conservation Officer and Sustainability Team and also the HMC&TS as main stakeholders have been kept fully up to date and invited to engage in the process.
7. The project to date has confirmed that there is little likelihood of significantly altering the Shirehall building due to its fabric, structure and listing, however this does not stop the project from considering how the site might be effectively and efficiently used as a civic hub. If the Shirehall is refurbished, the HMC&TS will be dominant during daytime use and it is unclear yet as to what use the council would make of the undercroft (subject to the outcome of the corporate asset review and future needs that are to be determined). The undercroft offices have been refurbished and are in a good state of repair. They have direct public access so future potential uses are varied and will be reviewed nearer to the time the space will become available. Mitigation works are being assessed as part of the wider project with the aim to improve acoustic performance of the assembly hall and undercroft to optimise availability for use across the building at all times.
8. The main refurbishment works centre on improvement of facilities, health and safety and general 'feel and appeal' – it should be noted however that much of the refurbishment works will be unseen as they are to structure/ integrated systems. The extensive defects throughout, including key elements identified as a result of the surveys and investigations include:

- a) Water ingress in many locations – mainly roof-related
- b) Crumbling/degraded masonry.
- c) Degraded lead roofs/gutters and failing rainwater goods
- d) Rotten windows/doors
- e) Rising & penetrating damp at basement levels
- f) Mechanical & Electrical systems substandard or near end-of-life.
- g) Possible compliance issues – fire safety, accessibility, public health.
- h) Poor condition and standards generally

9. These works will allow the implementation of available low carbon technology in line with conservation limitations. A report has been commissioned by the consultants to address optimum decarbonisation of the site, working with council colleagues in support of a potential capital bid- see Appendix A. The report estimates that by implementing the following measures, the council will save 46/80 tonnes of carbon per annum dependant on options. Identified technologies include:
- Photovoltaic cells
  - LED lighting and controls
  - Refurbishment of heritage glazing
  - High efficiency gas heating
  - Fabric improvements
10. If Cabinet decide to retain and invest in the Shirehall building and any subsequent successful capital funding bid, the building will be robust, major structural and finishing details established and resolved and the building modernised in line with its heritage listing. Daytime uses can be expanded, subject to acoustic works with evening and weekend use benefiting from improved facilities and experience. It is proposed to optimise the use of the building for both the council, Courts, community and external events generating income and making better use of the asset that will involve a more robust management regime.
11. It is worth noting that there was a capital programme provision already allocated before the ceiling collapse that focused on power (incoming supply and infrastructure), roof, ceilings and boiler replacement. This was suspended subject to the collapse with the budget reallocated towards the necessary surveys and design work.
12. At present the Shirehall building, apart from normal operational costs such as utilities and statutory compliance, is continuing to draw from the general maintenance revenue budget held by the council's Property Services. In addition, the costs of hire of scaffolding (supporting courtroom ceiling and structures), structural repair works and a structural inspection regime to monitor any further deterioration in ceilings and to major structures and are being met by the council's Property Service emergency capital budget..
13. In addition, there is a loss of income from rental from HMC&TS. The service charges are calculated annually based upon percentage of cost and HMC&TS continue to cover this cost. The HMC&TS are currently looking to lease Churchill House to deliver a reduced courts provision in the interim as no other suitable alternative was found in Hereford.
14. There are no governance decisions in place to dispose of either Churchill House or Shirehall buildings. A report on the transfer of Hereford Town Hall to Hereford City Council was

presented to cabinet on 29 September 2022 and approved. [Agenda for Cabinet on Thursday 29 September 2022, 2.30 pm - Herefordshire Council](#)

15. If option 1, to refurbish the building is chosen then any procurements associated will be undertaken in accordance with the council's contract procedure rules.
16. The council could consider a withdrawal from the building altogether which would involve a disposal of some description with HMC&TS in situ.
17. The council has a legal obligation to its tenant, HMC&TS as the existing lease is still effective and has no grounds for termination.

#### Listed Site Review

18. A proposed Cabinet Member report on the disposal of the Town Hall was reviewed by General Scrutiny on 10 August 2021.  
<https://councillors.herefordshire.gov.uk/ieListDocuments.aspx?CId=809&MId=8345&Ver=4>
19. One of the recommendations of the Committee was:
  - Recommendation b. *This decision should not be taken in isolation, but should be brought together with all of the council's listed buildings within the asset review.*
20. As a result, a procurement exercise was undertaken and a consultant appointed to review both Town Hall and Shirehall sites along with Churchill House with a view to understanding current use (pre-closure use for Shirehall) and potential future uses, subject to any findings of the corporate asset review.
21. The report concludes that Shirehall has an identified use going forward, subject to investment, for a court provision, potential council or external offices and meeting / event space. Due to its configuration, facilities and listing there are few alternative uses for the building.
22. Churchill House is noted as being the interim venue for the courts but longer term, could be repurposed or disposed as a result of the corporate asset review.

#### Estimated Investment Costs

23. If the council is to continue to utilise the Shirehall site, the following estimated costs are anticipated that will form part of the capital programme. Revenue implications have not been forecast.
  - For Shirehall building, the current cost plan indicates that any subsequent capital bid will be submitted for £6.3m to increase the existing budget line of £1.2m to a total of £7.5m.
  - This investment delivers a refurbished building where essential works to maintain fitness for purpose and statutory compliance are implemented. In addition, it covers off strongly recommended works and operational adjustments that provide long term benefit and effective use of resource whilst works are on site plus refurbishment works to address deterioration in finishes and fittings.

#### Future Use or Ownership of Shirehall

24. In summary, the Shirehall building is currently out of operational use and either requires significant investment by the council or an alternative way forward.
25. A confidential discussion paper outlining an analysis of the Shirehall position is attached at Appendix B.

26. Cabinet have made a commitment in the Delivery Plan 2022-23 to invest in the Shirehall.
27. If Cabinet are minded to approve the retention and investment in the Shirehall building, then a capital bid can be submitted for the 2023/24 financial year onwards. If funding can be secured from April 2023, it is anticipated that the building could be made available for use in early to mid-2025. Any delay in submitting a capital bid clearly moves the potential re-occupation date back by a year.
28. If retained and repaired, it is intended to utilise the Shirehall to:
  - a. continue the delivery of a Crown Court service and derive an income,
  - b. Provide a Chairman's room / civil ceremony room / meeting room venue,
  - c. Deliver council meetings in a variety of settings, both closed and public.
  - d. Offer the available facilities for event hire during the day and evening.
  - e. Utilise office accommodation to provide either back office or front of house council provision.
  - f. Look to optimise the daytime, evening and weekend community use by either seeking to work with a partner around social and community use or the council marketing and promoting the rooms for hire.
  - g. The undercroft has varied potential uses which will be clarified as a part of the ongoing service asset management planning exercise
29. If retained and repaired, the benefits would be:
  - a. protects a strategic asset of high public value
  - b. ensures future of municipal building with that strongly defines the council's civic identity
  - c. secures the retention of the judiciary in the city
30. If the site refurbishment and reinstatement does not proceed within existing budget round timeframes, then a review will be held by officers to understand if the car park can be repurposed to extend public parking capacity and income.

## **Community impact**

31. Shirehall is a public or community assets- available to book or to attend planned events. The council is aware that providing community facilities is vitally important to community adhesion, culture and skill building.
32. By investing in assets by means of improving building service installations for instance replacing less efficient electrical equipment and improving mechanical installations, these proposals will contribute towards the delivery of the aims within the council's County Plan 2020 - 2024 to 'support improvement in the quality of the natural and built environment'.
33. All installations will comply with the Construction (Design and Management) Regulations 2015 ("CDM Regulations").

34. The council aims to support local contractors and suppliers where possible.

35. If retained, the Shirehall will be available for paid community use.

## **Environmental Impact**

36. This decision seeks to deliver the council's [environmental policy commitments](#) and aligns to the following success measures in the County Plan.

- Reduce the council's carbon emissions
- Work in partnership with others to reduce county carbon emissions
- Improve the air quality within Herefordshire
- Improve energy efficiency within council owned assets

37. The 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 the council shares a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

38. With regards to Shirehall refurbishment project, the environmental impact of this proposal has been considered through the design service specification and includes appropriate requirements both for the operational activity and 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.

39. The development of any project as a result of this report will seek to minimise any adverse environmental impact and will actively seek opportunities to improve and enhance environmental performance.

40. Investing in assets by means of improvements to the building fabric and service installations, for instance replacing less efficient mechanical and electrical equipment for more efficient ones, introducing controls to better manage heating systems and where viable the replacement of installations with low carbon technology, will contribute towards the delivery of the aims within the council's corporate plan to 'support improvement in the quality of the natural and built environment' and 'to make best use of the resources available in order to meet the council's priorities'. In addition it will improve the council's energy efficiency, reduce its carbon footprint, provide cost savings by reducing reactive repair works

## **Equality duty**

41. Any investment made to buildings that are retained will take into account keeping buildings compliant and ensuring they are accessible for disabled people and all those that share a protected characteristic

42. This decision pays due regards to our public sector equality duty as set out below:

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.

- 43. Ensuring that improvement works on property assets that form part of the councils asset planning and service delivery model will confirm that the council's equality responsibilities are met in so far as the physical built environment is managed in such a way as to comply with the Equality Act.
- 44. 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.
- 45. Ensuring that improvement works are undertaken will safeguard that the council equality responsibilities are met in so far as the physical build environment is managed in such a way as to comply with the Equality Act. The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the public sector equality duty when taking any decisions on service changes. Any services that are delivered from these buildings will require an impact assessment to demonstrate that they comply with the equality act.

## **Resource implications**

- 46. A comparison of the current revenue implications for the Shirehall Campus is listed at confidential Appendix C. The current operational costs are based on the 2021/22 outturn which includes loss of income for the current closure of Shirehall and reduced running costs from the closure of the building. All costs and income have been affected in recent years by the effects of Covid19.
- 47. At present the Shirehall building has a net revenue cost to the Council £167k pa in operational running costs. The revenue budget is not expected to be significantly impacted although current costs will be reduced due to mothballing.
- 48. Disposing of the buildings could result in revenue savings although this will not necessarily be budget savings due to the results of the Corporate Asset review which are to be determined.
- 49. Appendix C also includes the revenue impacts of the borrowing costs associated with the additional capital investment required if any of the buildings are retained, together with the current planned capital expenditure (where relevant). At this stage, it is assumed that all additional investment would result in additional council borrowing.



50. If retained and capital investment budget increase is approved at full council, the total capital investment for Shirehall is estimated to be £7.5m including £1.2m which is already included within the approved capital programme. The total investment would result in additional annual revenue borrowing costs of £364k met by the corporate budget.
51. The Shirehall project if it proceeds, plans to draw down from the Solar PV Budget- Capital Borrowing to fund the installation of photovoltaic cells.

## Legal implications

52. This report sets out options for Cabinet to discuss and recommend and therefore there are no direct legal implications arising from the report.
53. However the council will need to consider its duties under the Planning (Listed Buildings and Conservation Areas) Act 1990 in relation to its duties as freeholder of the Shirehall.
54. Any capital works undertaken to either building or disposal will be subject to a separate decision and the legal implications of such a decision will be detailed in the decision report.

## Risk management

Risk / opportunity	Mitigation
Further aspects of building deterioration are discovered when works commence that were previously hidden	Significant survey works have been undertaken to identify areas of concern. Ensure suitable contingency budget.
If buildings are not improved to meet the need to provide accommodation to tenants, council services and community service delivery will be adversely impacted.	Form a clear plan around retained sites to develop an investment plan
Failure to improve property assets prohibit business change and will not optimise use.	Ongoing dialogue with business users enables prioritisation in the use of the accommodation budget to support business change and enable the use of property to meet changing demand.
Any deterioration of a property asset and/or failure to ensure the property is suitable for current and future use may result in its closure and affect services delivered from the property.	The budget allocated to improvement works will help to extend the life of the property asset, ensuring its suitability and protect its value. It will ensure the building is fit for purpose and keep services running. It will also ensure property assets are compliant and safe for users, the public and visitors.
Reputational risk with the council not having a clear plan on sites for retention / disposal leading to deterioration of fabric and health and safety issues	Form a clear plan around retained sites to develop an investment plan
Significant expenditure results in poor space utilisation in the future.	Ensure a clear plan of occupation is established in advance.

Risk / opportunity	Mitigation
Unknown costs and works once invasive works on site commence	Do all surveys and assessment as reasonably practical in advance and build in suitable contingency
Current crisis on materials, supplies and labour puts cost up	Building contingency and use contract procurement rules. Thorough design stage assessments.
HMC&TS decide to withdraw from any further occupation	Maintain stakeholder communications and secure legal commitment as soon as possible

## Consultees

55. A Political Group consultation was undertaken on 1 July 2022 based upon a Joint Report of Shirehall and Town Hall. The key comments resulting are as follows

General notes of the discussion held are as follows:

- Option to do nothing passed
- Concerns were raised over the level of investment required to the Shirehall and Hereford Town Hall
- Discussions were held around potential options once a decision is made. It was recognised that the existing HC staff would be to be relocated.
- No strong views on any of the options were apparent.
- General view was that movement was needed to resolve the current impasse.
- If invested in, a requirement to 'fix' Shirehall was required not a 'sticking plaster'

## Appendices (CONFIDENTIAL)

Appendix A Carbon Reduction Potential Report  
Appendix B Confidential Shirehall Analysis paper  
Appendix C Confidential management and financial information

## Background papers

None identified

## Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 21/06/2022
Finance	Louise Devlin	Date 29/09/2022
Legal	Alice McAlpine	Date 05/07/2022
Communications	Luenne Featherstone	Date 28/06/2022
Equality Duty	Carol Trachonitis	Date 13/06/2022
Procurement	Lee Robertson	Date 13/06/2022
Risk	Kevin Lloyd	Date 03/10/2022
Approved by	Andrew Lovegrove	Date 09/11/2022

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

CCTV- closed circuit television

HMC&TS – His Majesty’s Courts and Tribunals Service