



Title of report: Shire Hall Phase 2 Refurbishment Work

Decision maker: Cabinet Member for Community Services and Assets

Decision date: 21 April 2025

Report by: Capital Projects Portfolio Manager

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

Central;

Purpose

To approve the allocation and expenditure of £1.0m approved in the capital programme to bring forward phase 2 of a proposed refurbishment programme for Hereford Shirehall.

Recommendation(s)

- a) **To approve the drawdown and spend of £1.0m for the purpose of bringing forward phase 2 of the refurbishment work proposed for the Shirehall building; and**

- b) The Corporate Director Community Wellbeing be authorised to take all operational decisions to deliver the works described in (a) above and to spend within the budgets defined.**

Alternative options

1. Not to invest the identified funding to progress phase 2 of the Shirehall refurbishment. Phase 1 of the Shirehall project is limited in scope to those works essential to the creation and opening of a new Library and Learning Centre facility. Phase 2 represents the next stage in the longer term strategy to properly restore the building. If the investment is not made then further improvements to maximise the performance and use-potential of the building will not be realised and those elements of the building not addressed in phase 1 will continue to deteriorate, with the eventual costs to remedy then being substantially higher. The poor condition of the building would also risk a negative impact on perceptions of the new Library.
2. To defer investment until a future date. This would be uneconomic as the deteriorating building along with inflation would make the future cost much higher. Investing now also allows phase 2 to be procured and delivered along with phase 1 with the efficiency savings this allows.

Key considerations

3. The Shirehall is an iconic building situated in St Peter's Square in the heart of Hereford city centre. The Shirehall opened in 1817 as a home for the courts of justice in Hereford. Designed by Sir Robert Smirke, this Grade 2-star listed building occupies a significant place in Herefordshire's heritage and stands on a prominent site (the former gaol house) in the city centre. The Assembly Hall was added in 1862 at the rear of the building. The Shirehall itself has been identified as a key strategic site, needing investment to bring it back into use.
4. In June 2020, the Shirehall suffered a significant ceiling collapse in Courtroom 1. At this point, the property was taken out of use due to safety concerns since the form of roof construction seen in Courtroom 1 is repeated in Courtroom 2 and in the Assembly Hall. The HM Courts and Tribunals Service vacated the building at this stage and ceased the holding of court proceedings in Hereford at that site. The building has remained largely unused since.
5. In October 2023 a decision was taken to allocate capital funding for a new Library and Learning Centre to be created within the Shirehall, providing a renewed focus to bring the building back to life and back into productive use. To achieve this a wider restoration project would be needed to make the Shirehall safe and useable as a host building for the library, and a combination of existing and new capital funding was allocated in 2024 to this end. The initial allocation was to deliver the first of multiple phases which would make up the intended long-term strategy to fully restore the building. The scope of this first phase was limited to what would be essential in order to successfully create and open the new library facility.
6. As part of phase 1 the design team was commissioned to develop design proposals for all future phases, not just phase 1, and to include these in the application for planning and listed building consent. This would be more economic in terms of future design costs and would result in a full package of design and planning consents ready to be implemented for each subsequent phase as and when funding can be allocated.
7. This report concerns expenditure of further funding of £1.0m identified in the 2025/26 capital programme to progress phase 2 of the restoration.
8. Building on the work of phase 1, the target scope for phase 2 includes:

- a. Refurbishment and thermal upgrade (where permitted) of windows.
 - b. Lighting upgraded to LED throughout.
 - c. Demolition of the vacant CCTV room and reinstatement/strengthening of the flat roof below.
 - d. Solar photovoltaic panels fitted to the newly formed and strengthened flat roof (panels funded from a separate environment capital budget).
 - e. New and remodelled kitchen along with associated multi-use spaces (e.g. functions, life-skills training and the like).
 - f. Review of accessibility to the lower level kitchen area.
 - g. Improvements to courtroom 2 following on from phase 1 works, to facilitate broader use potential.
9. The continued restoration beyond phase 1 brings a number of ongoing benefits:
- a. Further progresses the return of a key council owned asset to productive use and appearance.
 - b. Fulfil the responsibilities of the council as keeper and custodian of a key heritage asset and maintains the previously stated commitment towards full restoration of the building.
 - c. Introduces additional features to reduce carbon impact and future running costs, including solar photovoltaic renewable energy, LED lighting and improved window efficiency.
 - d. Continued improvement in the quality of the built environment surrounding the new library.
 - e. The implementation of phase 2 funding at this stage allows phases 1 and 2 to be procured and delivered together, increasing economies as compared to delivering both phases in isolation.

Community impact

10. Set around the focal point of the new Library and Learning Centre, a re-imagined Shirehall can become a central hub, able to host a complementary range of community-focused council services, third-sector activity, community skills development and cultural offerings. Commitment to phases of restoration beyond phase 1 is essential to fully realise this aim.
11. Linking to the 2024/2025 delivery plan the progressive refurbishment enabled by this decision facilitates the following objectives:
 - Support our local culture and heritage and make Herefordshire a thriving, safe and attractive place to live and visit.
 - Progress the project to redevelop the Library and Learning Centre in the Shire Hall
 - Appoint a Library design consultant to deliver design proposals.
 - Relocate interim Library to the Town Hall
 - Undertake consultation with users, stakeholders and internal staff on designs
 - Develop a new Library Strategy
 - Appoint a principal contractor
12. The measures included with this phase to reduce carbon impacts supports the aim of protecting and enhancing our environment.
13. Linked to the Hereford City Masterplan, a revitalised Shirehall would contribute to the objectives across Community and Culture, Economy and Opportunities and Places and Spaces; 'Celebrating and growing our best places, reinvigorating our less-loved ones, rediscovering our historic places, adapting places for the future and planning new places that excite us'

Environmental Impact

14. Herefordshire 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

we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

15. The introduction within this phase of renewable solar energy, low-demand LED lighting and refurbished windows with greater heat-retention capacity will have a direct impact on the Council's Environmental Policy aims of reducing greenhouse gas emissions and making efficient use of natural resources.
16. The continued commitment to restoration of the building also supports the aim of conserving the natural and historic environment of Herefordshire.

Equality duty

17. 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.
17. Any Council services or activities proposed in future to be located within the refurbished areas of the building will be subject to a bespoke equalities impact assessment to ensure that those services or activities are delivered within the requirements of the paragraph above
 18. 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 with regards to equality legislation.
 19. Accessibility and the requirements of the Equality Act 2010 have been a central element of Shirehall design development to date. Whilst the more significant improvements in accessibility have already been addressed in the phase 1 scope, this phase will continue the target of continual improvement and includes a review of accessibility for the lower-level area to the Northern end of the building.

Resource implications

20. A capital allocation of £2.935m within the Council's 2025/26 capital programme was approved by [Full Council on 7 February 2025](#) for the Shirehall Improvement Works. The requested £1.0m is part of this capital amount with the balance being capital approved previously for phase 1.

21. The business case and budget has been established on the basis that the cost of the solar photovoltaic panel installation along with any linked enabling work will be funded from the existing solar panel capital budget, which will be subject of a separate decision.
22. Phase 2 of the refurbishment will be delivered in tandem with phase 1 and the library fit-out, currently in the early stages of contractor procurement. In this way duplication of resource is eliminated and resource needs kept to a minimum as compared to delivery of each phase in isolation. The project will be delivered by the Project Management team working in partnership with the Library and Property Services. Project management costs will be funded from the capital budget, and allowance for this has been included.
23. The commissioning of professional consultancy support, construction contractors and any other procurements necessary will be undertaken in line with the Council's contract procedure rules with support from the Commercial Services team.
24. All costs associated with the fit-out of the new Library and Learning Centre, including any wider building costs made necessary by the need to accommodate this new facility in the Shirehall, will be met from a separate budget and are outside the scope of this report.
25. Costs for the running of the Shirehall are accounted for by the existing revenue budget which continues whether or not the building is occupied. The energy saving measures being introduced as part of phase 2 works will build upon those already incorporated in phase 1 to further reduce running costs and bring about a positive impact on the future revenue budget needs.

Capital cost of project	2025/26	2026/27	2027/28	Future Years	Total
	£000	£000	£000	£000	£000
Construction Costs	650	250			900
Professional Fees	60	30			90
Internal staff, PM & sundry costs	5	5			10
TOTAL	715	285			1,000

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2025/26	2026/27	2027/28	Future Years	Total
	£000	£000	£000	£000	£000
<i>Corporate funded borrowing</i>	715	285			1,000
TOTAL	715	285			1,000

Legal implications

26. The council has a number of legal statutory obligations to maintain its properties to a safe standard of repair that makes it necessary to undertake regular improvements of council

owned or operated properties. These obligations include the Health and Safety at Work Act 1974, the Building Act 1984, the Equality Act 2010 and other related legislation.

27. All works and services will be procured in accordance with the council's contract procedure rules.

Risk management

28. The following risks and mitigations have been taken into account when considering the spend of the capital budget:

Risk	Mitigation
Financial: the age and condition of the building means a high risk of uncovering previously unknown defects once work starts and hidden elements of the structure are exposed. Listed building constraints may mean higher cost repairs than might be expected in a more standard building, with less scope for value engineering to omit or reduce the specification of work.	Significant survey works have been undertaken to identify areas of concern, and these have been wide ranging and more extensive during RIBA stage 4 design. A substantial risk contingency has been allowed and is currently being maintained at 15-20%.
Financial/Reputational: construction markets remain volatile and tender returns unpredictable. This is being fed by wariness around the risk of repeats in sudden price increases linked to world events, labour shortages limiting contractor capacity and a more general risk aversion and selectiveness among prospective contractors. This can lead to a lack of competitive interest and/or bids coming in higher than theoretical cost data might give us to expect, and can be further exacerbated by the specialist heritage nature of these works, which further limits the pool of suitable contractors.	<p>Cost consultants have been pressured to seek robust estimates from both theoretical and 'real-life' sources.</p> <p>Pro-active pre-tender engagement with contractors through written methods and an on-site contractor day, seeking feedback on perceptions of the project as a tender opportunity and what might make it more/less attractive or risky.</p> <p>Taking advice on the extent of surveys recommended to maximise knowledge and reduce risks in the eyes of bidders.</p> <p>Contingency allowance at every stage.</p>
<p>Operational/Financial/Reputational: The construction supply chain remains unsettled, with reduced capacity, a more cautious attitude to risk/reward and greater selectivity regarding which projects, geographical locations and clients to pursue.</p> <p>A lack of interest in the tender opportunity or the submission of risk-laden tender sums exceeding the available budget could lead to failed procurement, programme delays and inflated costs.</p>	<p>Pre-tender market engagement has been carried out, supported by the council's construction consultants. Prospective bidders were approached and their feedback sought on strengths, weaknesses and preferences regarding the proposed tender, and what measures would make the opportunity appear either appealing or unattractive to them commercially.</p> <p>A two-stage tender process emerged as the clear preference, allowing the contractor to engage with and shape the final stages of design and pre-construction activity. This strategy has been selected to take the procurement forward.</p>

Financial/Reputational: further deterioration of elements of the building – during the pre-construction stage but also in respect of those elements of the building not within either of the phases so far funded.	Condition of the building is being closely monitored for any opportunities to take pre-emptive action to curtail deterioration, but limited control over many aspects of deterioration.
Operational/Reputational: phases beyond phase 1 are likely to occur after the new library has opened, with the risk of disruption.	Target is for phase 2 to be delivered in tandem with phase 1 in a way that, as far as is practicable, does not extend the critical path of the programme. Beyond phase 2 will be subject to timing of funding.
Financial: funding from solar PV is from a separate capital budget specifically for solar panels on public buildings. Risk that this funding is committed elsewhere, or unavailable for any other reason.	Close engagement with Environment team and capital finance manager to ensure needs and budget assumptions are known.
People/Operational/Regulatory/Reputational: the refurbishment work will entail a range of construction safety risks in delivery, potentially including unstable structures, hazardous materials and work at height – danger of injury, illness or death.	<p>The council will comply with all safety requirements under the CDM regulations 2015 and other applicable statutory obligations.</p> <p>A construction consultant has been appointed to support the client team through delivery.</p> <p>A CDM Principal Designer has been appointed to represent the council throughout the project, and is also fulfilling the role of the same name required by the Building Regulations/Building Safety Act.</p> <p>Contractor evaluation during procurement will include assessment and scoring of contractor capability, including in health and safety.</p> <p>The council's Health and Safety Manager will continue to be involved as required.</p>

The risks identified in this report have been appropriately recorded on the relevant risk register and escalated in line with the Council's Risk Management Strategy. Governance and monitoring arrangements are in place to ensure these risks are actively managed throughout the delivery of Phase 2 of the Shire Hall refurbishment programme.

Consultees

29. Extensive consultation was carried out before embarking on phase 1 of the project (see previous decision dated 21 February 2024 for detail), the understanding then being made clear that subsequent phases would follow on when funding could be allocated.
30. Cabinet have been briefed at key stages of the design process so far, and the cabinet Member for Community Services and Assets briefed regularly, including specific consultation regarding the capital bid for phase 2 work and this subsequent decision.

31. Political Group Consultations were held on the 1st and 2nd April 2025 with the following feedback noted:
- a. A view shared by a member of the Lib Dems and the Green group was around the risk of £1m not being sufficient to deliver the targeted work. It was noted that the project quantity surveying consultants have been commissioned to produce and update cost estimates at every RIBA stage. It is acknowledged however that there is always a risk that pre-tender estimates (particularly those from earlier in the design process) can be at odds with the actual costs subsequently returned in contractor tenders. A procurement strategy is in place to prioritise the £1m towards the targeted works and obtain best value in terms of which elements can be delivered within the available budget.
 - b. The potential use of courtroom 2 was raised by Conservative group members. It was confirmed that phases 1 and 2 comprise minimal work to courtroom 2 and that no specific use has informed the design proposals, with flexibility maintained to facilitate future asset management decisions.
 - c. Members of the Green and Independent groups sought clarification regarding governance around the business case. It was confirmed that the applicable and final business case was the one tabled and approved at the Full Council meeting of 7th February 2025. The council's Director of Governance and Legal Services (Monitoring Officer) has, pursuant to this consultation, reviewed the business case alongside previous governance relating to the Shirehall proposals and is satisfied that the correct procedures have been followed.
 - d. A representative of the Independent's group sought further detail regarding the sum of £2.935m referred to in paragraph 20, specifically why only £1m was being allocated by this decision. It is confirmed that this sum refers to the total 2025/26 capital allocation for Shirehall. £1m relates to phase 2, the subject of this report while the balance is capital previously allocated for phase 1. Paragraph 20 has been amended to make this clearer.
 - e. A member of the Conservative group requested assurances regarding the procurement strategy for phases beyond phase 2 should funding be made available. As future procurement relates to capital not yet allocated this is outside the scope of the decision under discussion, but it was confirmed that all procurement activity is and will be carried out with the full involvement and approval of the council's Legal and Commercial specialists to ensure compliance.

Appendices

Appendix A – Shirehall Refurbishment Phase 2 Business Case (final)

Background papers

None

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 10/03/2025
Finance	Karen Morris	Date 04/03/2025
Legal	Sean O'Connor	Date 06/03/2025
Communications	Luenne Featherstone	Date 04/03/2025
Equality Duty	Harriet Yellin	Date 04/03/2025
Procurement	Claire Powell	Date 03/03/2025
Risk	Paige McInerney	Date 10/03/2025
Approved by	Hilary Hall	Date 08/04/2025

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

- **RIBA:** Royal Institute of British Architects. Reference to RIBA 'stages' refers to a universal project management framework for delivering construction projects, arranged across 8 stages from project inception to building in use.
- **LLC:** Library and Learning Centre