

STRATEGIC BUSINESS CASE

Directorate	Corporate
Scheme Name	Shirehall Refurbishment Phase 2
Budget Holder	Hilary Hall
Council Plan Priority	People/Place

Project aims and objectives:

Scheme description and demonstration of links to corporate priorities and savings plans.

The second phase of the ongoing refurbishment to restore the Shirehall building and bring it back into productive use.

Phase 1 of the refurbishment, already part of the capital programme and in delivery, focuses on the essential work necessary to make the building safe, useable and legally compliant. That phase also incorporates the establishment of the new Library and Learning Centre (LLC) along with any wider building works necessary to accommodate this, funded separately as part of the Stronger Towns grant programme,. Subject to funding however, the council's stated aspiration has been to go beyond this phase and ultimately complete a full refurbishment and restoration of Shirehall.

With this in mind, the scope for further phases 2 to 5 was also defined in outline, to follow on from phase 1 as and when capital funding could be made available. These subsequent phases would go beyond the essential-only scope of phase 1, building progressively towards a point when the Shirehall can be considered fully refurbished. This business case concerns a proposal to progress phase 2 as part of that longer-term aspiration. With the exception of areas where these works are already included as part of the LLC fit-out in phase 1, the phase 2 scope broadly includes:

- Refurbishment and thermal upgrade of windows.
- Lighting upgraded to LED throughout.
- Demolition of the vacant CCTV room and reinstatement/strengthening of the flat roof below.
- Solar photovoltaic panels fitted to the newly formed and strengthened flat roof (panels funded from a separate environment capital budget).
- New and remodelled kitchen along with associated multi-use spaces (e.g. functions, life-skills training and the like).
- New platform lift/improved accessibility to the lower level kitchen area.
- Improvements to courtroom 2 following on from phase 1 works, to secure its use as a coroner's court.

To avoid repeat work and multiple applications, the scope of restoration works for phases 2-5 were included in the design scope, planning and listed building consent for phase 1, providing a smoother path into subsequent phases.

With contractor procurement likely to begin in March/April 2025, the allocation of funding for phase 2 in 2025/26 would allow both phase 1 and 2 to be included in that procurement process. This would provide opportunity for cost benefits by enabling both phases to be sequenced together through the construction phase and by allowing overlap of project management and contractor preliminary costs.

For information, further works identified for phases 3-5 (unless already carried out as part of the LLC fit-out) and so not within scope of this business case include new/refurbished floor finishes, wall/ceiling plaster repairs, full redecoration throughout, further remodelling of courtroom 2 depending on further user requirements, repair and cleaning of external masonry facades, remodelling of modern additions to the entrance foyer, external works/furniture/ external lighting.

In common with the key considerations for phase 1, key objectives identified for the subsequent phases include:

- Continue the return of a key council built asset to productive use.
- Fulfil the responsibilities of the council as keeper and custodian of a key heritage asset.
- Improve the city-centre townscape by reinstating a prominent heritage building.

- Support the local retail economy by creating facilities which give people additional reason to be in the city-centre zone.
- Further support the aims of the Hereford Town Investment Plan by providing improved facilities and user-space around the new Library.
- Honour the commitment made to full restoration of the building.

Strategic Alignment:

- **Protect and enhance our environment** – restore and bring back into use a landmark historic building in the city which will otherwise remain boarded up in a state of ongoing deterioration; protect and maintain the county's heritage assets; reduce carbon emissions through more efficient space heating provision.
- **Strengthen communities** – create a central hub able to host a complementary range of community-focused council services, third-sector activity, community skills development and cultural offerings; manage council assets to optimise their use and potential.
- **Support the economy** – create a destination building which will bring people to the city centre, supporting the local retail economy with footfall to the area; provide a venue for community skills development, and the support for people to access it.
- **Herefordshire Council Plan 2024-28** – contributes to the objectives of '*supporting our local culture and heritage and make Herefordshire a thriving, safe and attractive place to live and visit*' and '*supporting residents to access skills development, training and employment opportunities*'.
- **Herefordshire City Masterplan** – supports 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*'
- **Herefordshire Big Economic Plan 2050** – supports the identified themes of People, Community and Partnerships and Enterprise.

Estimated costs and funding sources:

	2025/26	2026/27	Total
	£'000	£'000	£'000
Capital Cost of Project:			
Construction Costs	650	250	900
Professional Fees	60	30	90
Internal staff, PM & sundry costs	5	5	10
TOTAL	715	285	1,000
Funding Source:			
New capital budget	715	285	1,000
TOTAL	715	285	1,000
Revenue Budget Implications:			
Increased running/service costs			0
TOTAL			0

Benefits and risks:

The anticipated benefits and risks of the proposed project plus risks of not going ahead with the scheme.

- Continue the process of bringing the building back into full productive use with the improvement/opening up of further spaces, also supporting the ancillary aims for the new LLC.
- Further curtail deterioration of the building condition, reducing repair and maintenance costs and ultimately making the building a city showpiece rather than an eyesore.
- Display an ongoing public commitment to the council's long-term aspiration to a full and proper restoration of the building, acting responsibly as custodian of a key heritage asset.
- Achieve financial economies by progressing phases 1 & 2 as one, with opportunities to sequence works together and overlap time-related contractor preliminary and professional service/project management costs.

- Phase 2 is likely to be more appealing to prospective contractors when let along with phase 1 than would be the case if it were procured in isolation.
- Opportunity to extend the low-carbon features to include LED lighting throughout and solar photovoltaic panels, with resultant benefits in running cost and carbon load.

Risks associated with not proceeding have been identified as:

- Continuing deterioration of elements of the building not addressed in phase 1 leading to higher ongoing repair and maintenance needs and higher ultimate restoration costs.
- Reputational risk of the Council perceived to be failing in its duty as custodian of a grade 2-star heritage asset, and not making best use of the space created by phase 1.
- Failure to maximise the productive value of the building as an asset.

Wider Project Risks Considered:

- 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.
- Financial: construction markets remain volatile reflecting rising material and labour costs, labour shortages restricting industry capacity and high interest rates on borrowing. Construction costs therefore continue to be elevated and unpredictable. High instances of contractor insolvency in this unstable environment are also influencing contractor's tolerance for risk, reflected in tender bids with high risk allowances. There is a risk that RIBA stage 2 cost estimates are not reflected in market reality at the time of contractor procurement, or that no bids are forthcoming. This may be exacerbated by the specialist heritage nature of these works, which further limits the pool of suitable contractors.