



Student Accommodation Update and Recommendations

Decision maker: Cabinet member community services and assets

Decision date: 27 April 2025

Report by: Director for Growth

Classification

Open

Decision type

Non-key

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

College; Widemarsh;

Purpose

To accept the Royal Institute of British Architects (RIBA) 2 appraisal report in respect of the delivery of Student Accommodation at Blackfriars St and Venns Lane and to note we do not intend to take this project further forward at this time.

Recommendation(s)

That:

- a) The advice issued in the RIBA2 appraisal report for delivery of Student Accommodation at Blackfriars St and Venns Lane is accepted; and**
- b) The Council does not to proceed with RIBA3 and the project is not progressed further at this time.**

Alternative options

1. The Cabinet could decide to proceed with this project. However the feasibility study has identified a significant financial viability gap, and there is no confirmed demand for further student accommodation at this time. This option is not recommended.
2. The land could be made available to the higher education providers to develop the facility with the council taking the capital from the sale of the land. However, it is not considered that the stakeholders have the resources, the capital or the capability to do this. This option is not recommended.

Key considerations

3. The Cabinet Member Community Services and Assets made the decision on 29 February 2024 to procure and appoint a development partner to take Student Accommodation proposals up to and including RIBA stage 3, advise on future investment models and support in the creation of business cases for cabinet to gain authorisation to further advance the proposals on two sites in Hereford City – Edgar St Stadium (Blackfriars St) and College Road Campus which are both owned by the council and leased.
4. This feasibility study was commissioned to inform Herefordshire Council as to whether further student accommodation is viable in the city. The former Director of Resources and Assurance further made a decision on 25 June 2024, to award a pre-development agreement to Cityheart for the student accommodation feasibility study in Hereford City and approved expenditure *up to* £253,679.
5. The development partner's role was to:
 - a. Assess existing site and feasibility outputs for completeness and suitability.
 - b. To undertake to source/produce information to fill any gaps identified.
 - c. Develop both sites to a coherent RIBA Stage 2 status.
 - d. Progress identification of construction cost on the scheme.
 - e. Progress planning matters.
 - f. Undertake Scope and price any site surveys and investigations needed to inform the works.
 - g. Technical project management, cost planning/estimating, risk management and design co-ordination throughout each stage.
 - h. To develop a business case to review development and financing options, to inform development, construction and the operating model for any future student accommodation on Edgar street and College Road Campus.
6. The feasibility stage also included consideration of options around building a football stand for Hereford Football Club at the same end as the Student Accommodation.
7. A series of stakeholder meetings took place both to gain collective views and further individual consultation meetings have also been held. This has allowed input into the concept design to consider the individual future needs of each of the stakeholders and to coordinate those needs over a period of time to ensure that risks are minimised to the council following any future construction.
8. The feasibility study concluded that there is a very significant viability gap in the proposed development of student accommodation in these locations at this time. To develop the potential 400 student accommodation units across the two sites, as well as a new stand at the football

club, would require an unrecoverable investment of over £18m. This is also based on achieving a 90% occupancy rate in the student rooms.

9. However, the study also concluded there is no current demonstrable demand for student accommodation at this scale in the city at this time. None of the current colleges or health providers are in a position to sign up to a nominations agreement (to meet the cost of the rooms) should they be constructed.
10. Since the original commission for this work, the scale of the viability gap has been impacted by recent significant increases in interest rates on borrowing, and the high level of construction inflation.
11. Therefore, subject to this decision, it is proposed that the development of student accommodation in these locations is not taken further forward at this time. The feasibility work has, and will continue to have, value in terms of reviewing options for student accommodation in the future. In particular, as demand for student accommodation grows, and should interest rates and construction inflation begin to stabilise, the viability gap may decrease over time.

Community impact

12. The Herefordshire Council Plan 2024 to 2028 states that we will '*Support residents to access skills development, training and employment opportunities*'.
13. Key Stakeholders have been engaged through the early stages of this project including ward members, as we move into RIBA stage 3 the wider local community will be engaged through consultation events and meetings. Existing students of the colleges will also provide a student panel to provide input into design.
14. As outlined above, the engagement with stakeholders has identified there is no short term demand for the accommodation and a significant viability gap in the cost.

Environmental Impact

15. Should the development of accommodation be taken forward in the future, the project will seek to minimise any adverse environmental impact and will actively seek opportunities to improve and enhance environmental performance. This includes seeking the accreditation of BREEAM 'very good' rating.

Equality duty

16. As the student accommodation project is not progressing at this time, the potential impact of this decision is low, and a full Equality Impact Assessment is not required at this stage. However the following equality considerations should be taken into account when making a decision about this activity/project:
 - a. Should the project proceed in the future a detailed Equality Impact Assessment will be undertaken to ensure any provision is open and accessible to benefit all.

Resource implications

17. The council has spent £253,000 on work undertaken to date, in accordance with the previous decision that was taken on the 29 February 2024 [Decision - Student Accommodation in Hereford City - Herefordshire Council](#).
18. The commissioned work has been completed satisfactorily,. The feasibility study has helpfully determined the level of viability gap, and the lack of current demand for student accommodation.
19. As the project is no longer progressing at this stage, there are no further resource implications from this decision.

Legal implications

20. The pre-development agreement contains obligations on the Council to formally opt (and serve notice) to either proceed or terminate the services at RIBA stage 2. This recommendation (if approved) will require formal notice to terminate the pre-development agreement at stage 2.

Risk management

Risk	Mitigation
The county faces a lack of suitable student accommodation to attract/ enable people to study here, leading a local skills gap.	The feasibility study has identified a lack of quantifiable demand at this time. This can be reviewed, and the findings of the report taken forward at a future point in time should this situation change.
The council has commissioned and paid for the feasibility/ RIBA 2 stage report, but is not taking the project forward.	The feasibility stage of any project is intended to test the viability of the development. The completed study indicates that the project is not viable at this time, but the detailed findings retain a value to the council should circumstances change.
The original tender for the works potentially included taking the project to end of RIBA stage 3. The council has decided to not progress beyond RIBA 2 stage at this time.	The decision to not proceed with the project is due to the significant viability gap identified by the contractor at RIBA stage 2.

21. The risks associated with both the progression and cessation of the student accommodation project have been appropriately assessed. The decision to pause the scheme at RIBA Stage 2 demonstrates a clear application of the council's risk appetite and commitment to evidence-based investment. The mitigations in place reflect a sound understanding of the long-term value of feasibility work, and the retained findings will

support any future reassessment. As such, I am assured that the council is taking a proportionate and controlled approach to managing both financial and reputational risk.

Consultees

22. Stakeholder meetings have been held regularly with colleges, WVT, ward members, Cabinet Members, city councillors, Hereford Football Club, planning department and conservation officers etc. This has enabled the concept designs to be developed in a robust manner to ensure all interested parties collaborate appropriately to meet the needs of students. Through RIBA3 phase, further consultations will be made with stakeholders and also wider engagement with the local communities to gain views which will feed into the RIBA3 designs.

Appendices

N/A

Background papers

N/A

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 17/04/2025
Finance	Wendy Pickering	Date 15/04/2025
Legal	Sean O'Connor	Date 08/04/2025
Communications	Luenne Featherstone	Date 08/04/2025
Equality Duty	Harriet Yellin	Date 02/04/2025
Procurement	Carrie Christopher	Date 22/04/2025
Risk	Paige McInerney	Date 22/04/2025
Approved by	Click or tap here to enter text.	Date Click or tap to enter a date.

[Note: Please remember to overwrite or delete the guidance highlighted in grey]

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

