

Forward Plan reference number: FP/244/09/23

Report title: Shire Hall, Tindal Square, Chelmsford – Proposed Exclusivity Period with Essex Shire Hall Trust	
Report to: Councillor Chris Whitbread, Chancellor of Essex and Cabinet Member with Responsibility for Finance	
Report author: Ben Finlayson – Director, Property, Investment and Delivery	
Date: 30 October 2023	For: Decision
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County Divisions affected: Chelmsford Central	

Confidential Appendix

This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

1. Everyone's Essex

- 1.1. The Everyone's Essex strategic aims include a Strong, Inclusive and Sustainable Economy and A good place for Children and Families to Grow. The commitments to support those strategic aims are future growth and investment and education outcomes.
- 1.2. Bringing the Shire Hall back into use to support the economic vitality of Chelmsford's city centre and in particular the arts and heritage link to those commitments.

2. Recommendations

- 2.1. Agree to give the Essex Shire Hall Trust until 31 July 2024 to develop a Business Case for the refurbishment, use and operation of the Shire Hall in Chelmsford and negotiate terms for a conditional agreement for lease and subsequent lease of the property. The Business Case must include:
 - Proposed uses including a Business Plan.
 - Proposed work to the building.
 - Funding (including funding pledges received and resources available to the Trust in terms of set up, refurbishment and ongoing operating costs).
- 2.2. Agree that the Cabinet Member will take a further decision to grant a lease to the Trust if and when a Business Case which is satisfactory to the Cabinet Member has been submitted.

3. Background and Proposal

- 3.1. The Shire Hall is a Grade II* listed building fronting Tindal Square in the heart of Chelmsford City Centre. The building was last used as a Magistrates' Court and venue for ECC events. It was vacated by the HM Courts and Tribunals Service in 2011. Since then the building has remained largely unused. The County Council has sought to find a commercial use for the site and entered into a conditional Agreement with Aquila Ltd in 2017. Unfortunately they were unable to proceed and the Agreement terminated in February 2022. As part of the Agreement for Lease Aquila had submitted planning and listed building applications to Chelmsford City Council, as Local Planning Authority and those were refused by the Local Planning Authority in June 2022.
- 3.2. The County Council has commissioned Avison Young to review the building and options for its future use. The review has highlighted that a solely commercial use for the Shire Hall is unlikely to be viable and that significant capital investment will be required in the building fabric and services to bring it into use in its current layout. There is currently no means of accessing the upper floors for anyone with mobility difficulties and additional provision will be required for means of escape in the event of a fire or other emergency.
- 3.3. Additional investment beyond the base refurbishment cost will also be required to provide ventilation and additional services to support uses such as a café and other bespoke uses.
- 3.4. There are many heritage properties across the country that are owned by local authorities or other public bodies and leased to Trusts or similar Charitable or Community Interest organisations to manage and maintain. Those organisations are able to secure funding from a much wider range of sources than the owning authority and can bring experience, expertise and support from both the local community and further afield to the use of their particular property.
- 3.5. In parallel with the review of the building a group of individuals have approached the County Council. They have now formed a Trust, the Essex Shire Hall Trust, a registered Charitable Incorporated Organisation with the aim of taking a lease of the Shire Hall to enable the building to be brought back into use and secure its future. The trustees are
 - Malcolm Noble
 - John Aldridge
 - Dick Madden
 - Pamela Swaby BEM
- 3.6. By granting a lease of the Shire Hall to a Trust or other organisation there are risks, particularly around the viability and sustainability of any Business Plan, for the County Council. Therefore it is proposed to grant the Trustees of the Essex Shire Hall Trust (the 'Trustees') an informal period up until 31 July 2024 to fully develop their plans for the building to ensure that they are financially and operationally feasible, particularly around any planning and listed building requirements to intervene in the existing structure and fabric of the building.

- 3.7. At the same time as the Business Plan is being prepared, negotiations can take place with the Trustees for the terms of an Agreement for Lease and Lease. It is likely that the Lease will be granted for a long enough term to enable funding to be secured from a wide range of sources and for a nominal consideration. The Agreement for Lease will only be entered into with the Trustees if terms are agreed and the Business Plan has been approved by the Cabinet Member. It is important to ensure that we are clear about the commitment we are making to the trust – we may not agree terms or a Business Plan in which case no agreement will be entered into.
- 3.8. Whilst giving this period of time to the Trustees and negotiating terms of an Agreement for Lease, the Council will continue to consider any alternative options for the building, particularly with partners, to establish whether there are any additional uses which could be integrated with the Trustees' proposals. During this period the Council will also continue to utilise the building for any other purposes that it requires.

4. Links to our Strategic Ambitions

- 4.1. This report links to the following strategic priorities in 'Everyone's Essex - Our Plan for Levelling up the County 2021-2025':
- A strong, inclusive and sustainable economy
 - A high quality environment
 - Health wellbeing and independence for all ages
 - A good place for children and families to grow
- 4.2. Whilst bringing the Shire Hall back into use links primarily to the 'strong, inclusive and sustainable economy' and 'good place for children and families to grow' strategic aims, the refurbishment of the building will contribute to our net zero ambitions and depending on the uses may also contribute to improving healthy lifestyles through encouraging community participation, offsetting social isolation.
- 4.3. Approving the recommendations in this report will have the following impact on the Council's ambition to be net carbon neutral by 2030:
- Reducing the carbon footprint and improved energy efficiency of the Council's property estate.
- 4.4 Any future refurbishment of the building will require improvements to the mechanical and electrical plant and building services to meet the building regulations and energy efficiency and net zero objectives.

5. Options

5.1. Option 1 – Do nothing

This option is not recommended. The building is Grade II* listed and the building needs to be brought back into use to avoid further deterioration. Whilst very limited repair and maintenance has been carried out, the significant investment required to bring the building back into full use needs to have a commensurate user to secure its long-term viability. As it seeks to reduce its overall accommodation requirements the County Council doesn't have a need or use for the whole building which would warrant the required long-term investment.

5.2. Option 2 – Sell a freehold or long leasehold interest in the building on the open market with no restriction or conditional provisions in a sale agreement.

This option is not recommended. The sale of the building without any restriction or conditions would place the building at risk of further deterioration and disuse, particularly given its listed status and recent transaction and planning history. Whilst there may be speculative demand in the market on this basis for the building, the reputational risk to the County Council in taking this course of action would be significant.

5.3. Option 3 – Grant the Trustees a period of time to develop viable Business Plan for its refurbishment and agree in principle that if a viable plan is produced and agreed within that period, the Council will transfer the building to the Trust on a long leasehold basis.

This option is recommended. This would give the acquiring body the ability to apply for a wide range of funding from various sources to refurbish the building. The viability of the Business Plan, in particular the funding to refurbish the building and the income to sustain the running costs, will be critical in any decision to enter into the Agreement for Lease and subsequent Lease. The County Council would retain the freehold and still retains an element of risk in the event that the Trust wasn't able to sustain the operation of the building in the longer term.

6. Issues for consideration

6.1. Financial implications

6.1.1 The County Council has spent £879,000 on the building since closure in August 2012 on essential repair and maintenance works to protect the fabric.

6.1.2 The 2023 condition survey for the building has identified works to the value of £3 million plus professional fees to bring it back into a basic use. Depending on the specific uses chosen for the building, additional expenditure would be required.

6.1.3 In terms of cost avoidance the current running costs are circa £35,000 per annum excluding insurance.

6.1.4 ECC still holds a level of risk if the Trust cannot sustain the operation of the building in the longer term.

6.1.5 By granting a lease of the Shire Hall to a Trust or other organisation there are risks, particularly around the viability and sustainability of any Business Plan, for ECC. The terms of the lease need to be representative of the overall objective.

6.1.6 The Business Case needs to inform the negotiation of terms with ECC for the lease, subject to conditions.

6.2. Financial Assumptions

6.2.1 This paper assumes that there will be no cost to ECC in granting the Trustees of the Essex Shire Hall Trust up until July 2024 to put forward a Business case for the refurbishment and proposed use of the Shire Hall. The Council will of course have to continue to meet the minimum maintenance and running costs associated with the vacant building.

6.3. Legal implications

6.3.1 The Council is obliged to obtain the best consideration reasonably obtainable on the disposal of its own property unless the Secretary of State consents to the disposal or the disposal falls within the terms of the General Disposal Consent (2003), issued under the Local Government Act 1972.

6.3.2 In the event that the Business Case is approved, it is proposed to use the General Disposal Consent to lease a long leasehold interest of the Shire Hall to the Essex Shire Hall Trust for a nominal rent. The difference between the unrestricted value reported in the confidential appendix and the nominal rent is less than £2 million and therefore, assuming no major changes in value or to the consent, the General Disposal Consent (2003) can be applied to this transaction if it proceeds.

7. List of Appendices

7.1. Appendix 1 - Confidential appendix stating the unrestricted freehold value of the Shire Hall

7.2. Equalities Comprehensive Impact Assessment

8. List of Background papers

8.1 None

I approve the above recommendations relating to my portfolio set out above for the reasons set out in the report. Councillor Chris Whitbread, Chancellor of Essex and Cabinet member with responsibility for finance	26.10.23
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In consultation with:

Role	Date
Executive Director, Corporate Services (S151 Officer)	12 October 2023
Director, Legal and Assurance (Monitoring Officer) Paul Turner	19 October 2023