

CABINET

17 July 2007

RELOCATION FROM HISTORIC RESOURCES CENTRE, HYDE

REPORT OF CORPORATE DIRECTOR (OPERATIONS)

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RECENT REFERENCES:

CAB1314 Historic Resources Centre Hyde-13 September 2006
CAB1323 Museums Dispersals Policy-11 October 2006

EXECUTIVE SUMMARY:

The report considers the financial and practical issues arising from the proposed relocation from the Historic Resources Centre (HRC) in Hyde including the provision of replacement storage for the museums collection. The results of a marketing exercise on the Hyde site are reported in an exempt appendix.

The analysis of the available options leads to a recommendation to proceed with the disposal of HRC and to build a new storage facilities at Bar End Depot for museums and a replacement for the existing old Windows factory. This would have the advantage of providing for future growth and incorporating collections currently held elsewhere in the city. In view of the budgetary implications detailed costings will need to be prepared before a commitment to the preferred option can be confirmed.

RECOMMENDATIONS:

- 1 That option 2 is adopted as the preferred option for the replacement of museum storage at Hyde subject to including a provision for some expansion.
- 2 That detailed costings for option 2 are sought and negotiations progressed with Serco regarding the replacement of the Windows Factory, with a report back to a future meeting of Cabinet including recommendations as to how the project will be managed.
- 3 That the Council's agent's advice is sought on a revised timetable for the disposal of the Historic Resources Centre in Hyde.
- 4 That the estimated cost of £30,000 of moving staff from Hyde House, including the adaptation costs of the Guildhall Gallery, and the feasibility study for Bar End are met by way of a supplementary capital estimate increasing the capital programme provision for West Wing [office moves] from £364,000 to £394,000, noting that the move costs does not include the museum stores.

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1 Introduction

- 1.1 Following the Cabinet decision to market the Historic Resources Centre (HRC) at Hyde a report on the future of the site and building was considered and a marketing exercise carried out to test the nature of the interest in the site and the scale of capital receipt which might be expected at disposal.
- 1.2 The accommodation at HRC has four elements – offices, exhibition space storage and workspace for curators and volunteers. The first two of these are dealt with satisfactorily through staff relocation to the West Wing/Guildhall and the opening of the City Space exhibition area in the Discovery Centre. It was recognised in the report that the provision of replacement storage accommodation for the collections kept at Hyde was the most difficult challenge and would be crucial to facilitating the removal from Hyde. Work has been undertaken to identify how best to do this as part of a wider review of all museum storage. Currently the Council has storage at Hyde, Bar End depot, Chilcomb and in Gosport.
- 1.3 Independent of the consideration of museum storage the Council needs to address a problem with the old windows factory building at the Bar End Depot which is adjacent to the existing museums store.

2 Results of the marketing of Hyde

- 2.1 In the early part of 2007 Knight Frank marketed the Hyde site and buildings and received a number of offers for the freehold interest. No offers worth considering were received for a letting of the property or for anything other than residential development. A summary of the offers received is included in Exempt Appendix B. These confirm the attractiveness of the site to the market for residential purposes. All of the top bids were made subject to planning and in some cases subject to the results of other investigations.
- 2.2 Were the Council to proceed with a disposal subject to planning the time taken to design, consult and obtain planning consent could take 18 months or more. The Council would need to commit to vacating the property within that period. The timing of the capital receipt would also be phased. Specific advice has been received from the agent regarding the indexation of the agreed price in view of this potentially long disposal period. In view of the time that has already elapsed since the bids were sought and a likely further period until a decision to proceed is made the bids would need to be updated.
- 2.3 Those who have made bids are awaiting the Council's decision to commit to a disposal. Once that has been made further advice from the agent will be sought with the view of maximising the receipt to the Council.

3 Existing Museum Storage

- 3.1 The office and exhibition usage from HRC will be relocated before the end of 2007/08. The cost of the move of staff from Hyde House to the City Offices complex and minor adaptation works to the Guildhall Gallery is estimated to be £20,000. The relocation of the storage is a more complex issue. The storage provided must be easily accessible

for research and educational purposes and the environmental conditions under which it is stored must meet key criteria to protect from damp, vermin and insects. It would also be desirable to accommodate 'pot washing' facilities for volunteers to support the continuation of community involvement in archaeology projects. The Council has museums storage at three other locations which are described below.

- 3.2 In the early 1990s the City Council partnered Hampshire County Council in the construction of a new purpose built artefact store at the County's Chilcomb site. The construction was jointly funded with the City Council share being £50,000, and the project attracted grant aid from the then Museums and Galleries Commission. The City Council have a 50 year interest at nil rent subject to contributing to 67% of service charge and insurance costs. The lease cannot be sold or transferred to a third party and the building only used for museum storage. The lease contains a mutual option to end the lease with compensation to the City Council on a sliding scale if the County exercise the break.
- 3.3 In view of their own requirements on the site it is understood that the County may wish to take occupation of the whole building. Exempt Appendix D provides further information on the Chilcomb lease.
- 3.4 The store in Fort Brockhurst near Gosport offers good secure storage at a cheap rent. Its remoteness from Winchester is not ideal but the items stored are not often accessed. Storage closer to Winchester would attract more visits, save on staff time and ensure more regular use of the artefacts (eg in exhibitions) but on balance it is difficult to justify the cost of moving this store closer to Winchester on financial grounds. It has therefore been excluded from the current considerations.
- 3.5 The access to the collections by staff and by researchers and members of the public varies by location and only Hyde has staff located on site. Access to the other sites varies according to demand. Dealing with finds from significant sites such as Northgate House and anticipated finds from developments such as Silver Hill create a demand from time to time for greater access and working as well as a growing storage need.
- 3.6 The total storage provision is shown in the table below:

Location	Tenure	Size sq m	Comments
Hyde Barn	Freehold	431 + compound	Bulk and sensitive storage plus research and display areas External storage of waterlogged material and stone
Hyde House	Freehold	238	Offices, sensitive stores and research / sorting ('pot-washing') area
Bar End	Freehold shared site with Serco	311 + compound	Purpose build store in good condition External storage of stone etc
Chilcomb	Leasehold expires 2045 at peppercorn rent	110	Part of store built in 1995 jointly with Hampshire CC who also own the site. Mutual option to break lease.
Gosport	Leasehold expires 2010 at £ 8,000 pa rent	312	Bulk storage of artefacts in the English Heritage owned Fort Brockhurst.

- 3.7 The possibility of consolidating this storage into a smaller number of sites is one important consideration in any relocation option.
- 3.8 Initially consideration was given to the use of the Council owned warehouse buildings at Matley's Yard in Winchester. A detailed study of the Museums Service's requirements concluded that this was of insufficient size to accommodate even the relocated material from HRC and otherwise unsuitable to accommodate the material and that there was no scope to add a mezzanine floor to provide additional space. The cost identified for a refurbishment option at £616,000 excluding VAT was not significantly less than a new build option of the same size suggesting that it would not represent good value for money. Other alternatives have therefore been considered.

4 Options

- 4.1 Taking into account the facts and factors noted above the Council has a number of possible options which are summarised in Appendix B to the report.
- 4.2 The rental of accommodation available on the open market has also been considered. No suitable premises within a reasonable distance of Winchester have been identified at present although it is not impossible that they might come onto the market. However the primary disadvantages of this approach would be that substantial capital cost would still need to be incurred to make any 'ordinary' warehousing suitable for museums use. In a commercial arrangement the Council would have less flexibility to alter the building. Use of the Chesil Tunnel has also been considered, but environmental conditions within the tunnel are totally unsuitable for storage of historic materials and cannot be brought within acceptable limits.
- 4.3 Of the remaining options, new build at the Council's Bar End site appears to offer the most advantages. It would bring together the two main stores on one site within the town and within close proximity of the Council offices, staff and many potential researchers and visitors. It is easily accessible by public transport.

5 Bar End Depot – Windows Factory

- 5.1 The former windows factory is part of the series of buildings that is let to Serco for the purposes of operating their contract with the City Council. The lease is linked with the works contract which runs until 2011. This building, located between the offices and the existing Museum Store extends to 740 sq m (7950 sq ft). It is of poor quality lightweight construction. The roof of the building has been a source of problems over the last 5 years and has now come to the end of its economic life. The estimate to replace the roof and associated essential repairs is in the order of £120,000. The cost of these repairs would fall on the Council under the terms of the lease to Serco.
- 5.2 Preliminary discussions with Serco indicate that with changes in their operations and the poor state of the existing building they could operate satisfactorily from a significantly smaller building. Early discussions with planning officers do not indicate any significant issues related to a replacement of the existing building with a modern substitute.
- 5.3 An outline feasibility report by architect Studio 4 for a replacement building at the Bar End window factory location indicates that new warehousing of up to 1,625 sq m could be constructed on the site, including options for mezzanine accommodation over approximately 50% of the area. A notional split of this building could provide a new museum store of 783 sq m and replacement stores for Serco of 842 sq m. These areas are greater than required for a straight replacement of the existing facilities and reflect a maximisation of the development on the site.

6 Financial considerations

- 6.1 A financial summary of the estimated capital and revenue implications of each of the options is provided in exempt Appendix C, together with notes relating to the Bar End site. The total estimated capital cost of providing new accommodation for museums storage at Bar End is outlined in Appendix C which would be funded from part of the capital receipt from the sale of the Hyde site. Cabinet can calculate the net effect by using the figures in the exempt appendices. This would provide the City Council with a substantial net capital receipt and provide good quality long term accommodation for the museum storage and improvements at Bar End.
- 6.2 The opportunity to use the Bar End site is conditional upon the redevelopment of the old Windows Factory. The budget cost to provide a 450 sq m replacement warehouse is set out in Appendix C. As with the museum storage the size of building that could be provided is a balance between the current proven need, likely future need, the available budget and the practicality and disruption of extending at a later date.
- 6.3 The cost of relocating staff from Hyde is estimated at £20,000 and the recommendations are that this cost is met from the capital programme. This will permit the moves to take place as soon as the Guildhall Gallery space is vacated. A sum of £10,000 is also included to pay for more detailed feasibility study of the Bar End Depot option, if selected.

7 Consideration of Risk

- 7.1 The outline recommendations rely upon the piecing together of a number of separate property transactions and the construction of new buildings. A programme such as is recommended will require a detailed project plan and dedicated project management. The potential for delay and cost overrun is a significant risk that will be addressed in the main when the method of procurement is considered. With limited internal staff resources external project management may be appropriate.
- 7.2 The funding of part of the proposals is linked to an asset sale which in turn is likely to be subject to planning. This introduces an additional element of risk with implications as to the timing of the capital cash flow. As with any disposal, changes in economic fortunes both nationally and locally can impact on the timing of and receipts from any property sale.
- 7.3 The new build proposed for the Bar End Depot would be taking place in the middle of an active operational facility and specific regard will need to be had to ensure that there is minimal disturbance and disruption to the delivery of important services. Serco as a tenant of the Council need to be kept fully informed and involved with any building plans. Investigations for example into the existence of contamination on the site and other unknowns will assist to reduce the risk.
- 7.4 There is a risk of damage to the museum collections which will be at its greatest during the move. The risk of physical damage can be reduced by the use of a removal company experienced in handling museum collections. There is also the risk of damage caused by the sudden change of environment: this can be reduced by ensuring that the new stores have adequate humidity and temperature control.
- 7.5 There is a risk of public perception that the services formerly provided from the HRC have been discontinued by the City Council once the building is vacated. This can be overcome through a positive public relations exercise around the move.

8 Conclusion

- 8.1 The relocation of the museum stores has proved to be a more difficult task than originally envisaged resulting in delays to the potential disposal of the site. The examination of the options strongly suggests that a solution based at the Bar End Depot will meet multiple needs, including the replacement of an existing obsolete building.
- 8.2 It is suggested that the Bar End option to be adopted as the preferred option. More work is required on the practicality of delivery and financial modelling before a decision to proceed is taken. Building a facility larger than is currently requires maybe a luxury that current budgetary constraints do not permit but the option to provide for cost effective space for foreseeable future expansion need to be built into the decision making and the building specification.
- 8.3 In view of the period since the bids for the Hyde site were received the further advice of the Council's agents should be sought given that a decision to proceed may not be taken until the next Cabinet in September.

OTHER CONSIDERATIONS

9 RELEVANCE TO CORPORATE STRATEGY:

Proper planning for the storage of the museum artefacts in accessible modern facilities will improve the efficiency and effectiveness of the Council and the best use of assets.

10 RESOURCE IMPLICATIONS

These are covered within the report. In summary the move and disposal from Hyde will release capital to fund modern replacement stores and be available to support other Council priority area.

11 BACKGROUND DOCUMENTS:

Museums & Heritage Feasibility Study Report for Matley's Yard – Miller Hughes Associates

12 APPENDICES

Appendix A Museum Storage options

Appendix B Summary of bids Historic Resources Centre Hyde and Note on Chilcomb Lease (Exempt)

Appendix C Financial analysis of the options and notes on Bar End(Exempt)

Appendix D Note on Chilcomb Lease [Exempt]

Museum Storage Options

Option	Description	Advantages	Disadvantages
1	Continue storage at Hyde Barn and vacate Hyde House	Capital receipt albeit reduced Future flexibility maintained Saving on move and disruption costs	Split sites Under use of asset Reduced capital receipt Shared use of Hyde site
2	Vacate/Sell Hyde House and Barn relocate to Bar End	Partial consolidation Capital receipt Improvement to Bar End Proximity to City Offices	Move and disruption cost Dependant upon agreement of 3 rd party Need to provide replacement for Windows factory
2A	Vacate/Sell Hyde House and Barn and relocate elsewhere	Partial consolidation Capital receipt	No obvious site or building Move and disruption cost Costs more uncertain Possible location outside of Winchester
3	Vacate/ Sell Hyde House and Barn and Chilcomb relocate to Bar End	Improved consolidation Capital receipt Improvement to Bar End Beneficial for HCC Proximity to City Offices	Additional move and disruption cost Involvement of two 3 rd parties Higher cost than 2 Need to provide replacement for Windows factory
3A	Vacate/Sell Hyde House Barn and Chilcomb and relocate to Elsewhere	Improved consolidation Capital receipt Beneficial for HCC	No obvious site or building Move and disruption cost Involvement of two 3 rd parties Costs more uncertain unknown Possible location outside of Winchester
4	Consolidate all stores on a single site	Economies of scale and efficiencies in new building Possible reduced travel to site	No obvious site 3 rd party involvement likely Cost of relocation and disruption Highest cost Occupier to be found for Bar End Store
5	No change	Saving on move and disruption cost	Little scope for expansion Under use of Hyde asset No capital receipt Continuation of 4 split sites No catalyst for disposal/dispersal