

**Heritage Works Buildings Preservation Trust Ltd**

**Fire Station and Shipperies Public House,  
Durning Road, Edge Hill, Liverpool**

**Review of 2009 Options Appraisal Study**

**Executive Summary**

**October 2011**

## **Executive summary**

- 1.1 In January 2009, Heritage Works Buildings Preservation Trust completed at Options Appraisal study for Liverpool City Council which considered options for the retention, repair and economic reuse of the grade II listed Fire Station on Durning Road and the adjacent Shipperies public house in Edge Hill, to the east of Liverpool city centre. A review of this study was undertaken over the summer of 2011 and this executive summary provides a précis of a report prepared at the end of that review. As with the earlier appraisal the study has been undertaken by Heritage Works, working with a design team comprising Purcell Miller Tritton Architects, 2020 Liverpool Structural Engineers and Quantity Surveyors, and Keppie Massie Chartered Surveyors (valuation agents).
- 1.2 The headings and numbering of the paragraphs in this summary relate to the chapters in the study review report. It is intended that the summary be read as a 'standalone' document, or as an introduction to 'signpost' readers to the report chapters that are of most relevance to them.

## **2 Introduction**

- 2.1 The purpose of the commission has been to identify an option (or options) for the regeneration of the two Liverpool City Council-owned buildings, in the current market.
- 2.2 This study has been commissioned by the City Council conservation and housing market renewal teams. The introduction describes the key parties involved (client, consultants and consultees) and explains the study limitations.

## **3 Review of the condition of the buildings**

- 3.1 Both buildings are now in the ownership of Liverpool City Council and urgent repairs and temporary mothballing works have been undertaken since January 2009.
- 3.2 Structurally the properties are sound but there are concerns about on-going rainwater ingress into the Shipperies and a lack of ventilation within the building, which are exacerbating an outbreak of dry rot along the party wall with the Fire Station. Both buildings suffer from blocked rainwater goods, and the growth of vegetation at high level of the pub is starting to cause damage to the masonry.
- 3.3 Internally all the floors and much of the joinery within the Fire Station has been removed and it will be necessary to replace and reinstate all internal finishes, as well as windows, doors and stairs etc.
- 3.4 There have been many alterations to the Shipperies over time, and the removal of partition walls at ground level have contributed to structural deflections in the upper floors, which now need strengthening. Later internal walls at upper floor levels, inserted during conversion to small scale residential accommodation, should be removed. Original joinery is in a fair condition, with most of the sash and casement windows being capable of repair (and refurbishment to accommodate double glazing, if required).
- 3.5 In addition to the urgency of addressing rainwater ingress and ventilation issues, especially for the Shipperies, attention is drawn to the list of further actions set out in 2020 Liverpool's 2009 assessment (such as asbestos surveys), which remains outstanding.

**4 Update on the planning context**

- 4.1 This chapter explains that although the planning status of the Fire Station and Shipperies remain unchanged since the issue of the 2009 options appraisal report, spatial planning policy in England is currently evolving rapidly.
- 4.2 The primary legislation that impacts on proposals for the Fire Station is the Planning (Listed Buildings and Conservation Areas) Act 1990, as the building is grade II listed. The Shipperies pub is undesignated but has been identified as a local landmark which the City Council is keen to see brought back into use, and its position adjacent to a listed building would be taken into account in considering any proposals for it.
- 4.3 The Localism Bill which is currently progressing through Parliament includes a range of measures intended to improve local democracy, including a provision to give communities the opportunity to bid to acquire 'community assets', with the disposal of assets owned by public bodies being put on hold if necessary to give communities further time to develop proposals.

**5 Regeneration context**

- 5.1 As with planning policy, radical changes are currently being made to the regeneration framework in England. In Liverpool, the local regeneration strategy has however changed little since Heritage Works' 2009 options appraisal report, but considerable progress has been made in its implementation.
- 5.2 The Fire Station and Shipperies lie within the Kensington Renewal area. Major clearance of terraced houses beside and behind the Fire Station and Shipperies was completed in December 2009 and Bellway Homes, the lead developer here, is currently on site with a development of 167 new low-carbon family homes, with gardens and parking facilities, and safe routes to schools. A commercial / community / retail hub providing approximately 1,110 sq m of floor space is proposed for a corner site at the south end of Durning Road, at the junction with Wavertree Road.

**6 Review of current market conditions**

- 6.1 Keppie Massie Chartered Surveyors have prepared a valuation report, updating the market position since their review for the 2009 options appraisal report, This considers the market in the commercial, residential and community sectors and can be found at Appendix 3.
- 6.2 Since the earlier report Liverpool's commercial property market has declined and the office market is significantly depressed. Keppie Massie consider that a rental level of between £5 and £6 per square foot might be achieved at the Fire Station and Shipperies.
- 6.3 As regards the residential market, the on-going Housing Market Renewal programme has progressed considerably since January 2009. On the basis of properties currently available for sale at Spekeland Road and Tunnel Road, Keppie Massie estimate that 2-bedroomed apartments at the Shipperies could marketed at between £90,000-£95,000.
- 6.4 There is an extensive network of community organisations within the locality providing a vast range of services to the local community, both business and residential, and to visitors. Many community organisations operate from refurbished premises in secondary locations and often pay a subsidised rather than full market rent. The contraction of public sector funding from Central Government and at a local level means that many organisations are unable to guarantee their future funding and capital for new projects and development is

severely restricted and over-subscribed. As a result, from an investment perspective, landlords may perceive their income to be less secure and potentially risky.

## **7 Consultation undertaken to explore potential end uses**

- 7.1 Consultation has been undertaken to determine demand for commercial and residential accommodation at the Fire Station and Shipperies and to explore interest from the community and voluntary sector.
- 7.2 Those consulted in early 2009 have been contacted again, to the extent that this has been possible, and circulation of a poster and leaflet via the Liverpool Council for Voluntary Service and local centres such as the Job Bank has alerted a wide range of local community groups to the project.
- 7.3 Consultation has been limited by the summer season and the short period for the study review however, and the team recommends further consultation, particularly with the voluntary sector, ideally with open days to enable people to see inside the Shipperies and gain an understanding of the condition of the two buildings.
- 7.4 Telephone interviews with housing associations and Bellway Homes have highlighted the ongoing weakness in the residential market, with little or no interest being shown in developing apartments at the Shipperies for the foreseeable future.
- 7.5 It is anticipated that there may be some interest in commercial property within the next few years, if this is available at low rent on flexible terms. The accommodation is seen as appropriate for small, new enterprises in the private or not-for-profit sectors.
- 7.6 The potential for educational use is limited, except in the area of adult education, with organisations identifying a demand for training rooms, particularly in specialist areas such as the teaching of English as a foreign language. At the opposite end of the age range, Keppie Massie has experienced some increase in demand for accommodation for pre-school nurseries in other parts of the city, although recent provision assessments undertaken by LCC Children's Services have indicated that there are sufficient nursery places across the whole of Liverpool at the moment.
- 7.7 Several community and residents' groups cited the need for a community café or pub in the area, and for office and meeting room accommodation to meet the needs of minority groups in the city, such as the Polish community or French-speaking Africans. There is particular interest from the Congolese Association of Liverpool, and also from Kensington Vision FM, a local radio and news organisation which wishes to relocate to new studio space.

## **8 Sketch schemes to illustrate proposals for possible end uses**

- 8.1 The sketch drawings at the end of this chapter illustrate how the range of end uses discussed in Chapter 7 could be accommodated in the buildings. There is however considerable potential to 'mix and match' between the options.
- 8.2 The end uses in each scheme are summarised in the table on the next page:

**Fire Station**

**Option 1:**

Ground	Coffee shop / retail to front Nursery reception to rear
First	Nursery

**Option 2 and 2a:**

Ground	Offices / community offices
First	Offices / community offices

**Option 2b:**

Ground	Offices / community offices
First	Offices / community offices

**Option 3:**

Ground	Coffee shop / retail to front Community uses to rear
First	Offices / community offices

**Shipperies**

**Option 1:**

Ground	Nursery
First	Offices / community offices
Second	Offices / community offices

**Option 2 and 2a:**

Ground	Retail
First	Residential (2 or 3 two-bed units)
Second	Residential (2 or 3 two-bed units)

**Option 2b:**

Ground	Retail
First	Offices / community offices
Second	Offices / community offices

**Option 3:**

Ground	Mothballed
First	Mothballed
Second	Mothballed

**9 Costs of repairs, conversion and project delivery**

9.1 Construction cost estimates have been provided by 2020 Liverpool for each of the design options described in chapter 8 and the Quantity Surveyors' report is appended at Appendix 2. Construction and non-construction costs (such as professional fees, project management costs and VAT, which may not be recoverable) are summarised in the table in chapter 9. Costs for the repair and conversion of Fire Station are estimated at between £710k and £820k; the Shipperies may cost over £1.2m to refurbish and bring back into use.

**10 End values and development appraisal**

10.1 Potential end values for each of the options are provided in Keppie Massie's valuation report in Appendix 3, based on the prices at which residential properties in the area are currently being marketed, and capitalised rental figures for office accommodation. These values and the costs discussed in chapter 8 have been used in the table below, which indicates the 'development deficit' inherent in each of the options. The residential option has the least shortfall, but it is to be remembered that none of the developers we consulted supported a residential scheme here, because of the weak market and funding and finance issues.

10.2 The figures concur with the opinion stated in the 2009 options appraisal report that redevelopment of the buildings is not viable without significant gap funding.

<b>Fire Station</b>			
	<b>Option 1</b> G: café / nursery 1: nursery	<b>Option 2</b> G: comm / offices 1: comm / offices	<b>Option 3</b> G: cafe / offices 1: comm / offices
<b>Total project costs</b>	<b>£806,128</b>	<b>£744,122</b>	<b>£698,385</b>
End value	£75,000	£48,000	£51,000
<b>Deficit</b>	<b>-£731,128</b>	<b>-£696,122</b>	<b>-£647,385</b>

<b>Shipperies</b>			
	<b>Option 1</b> G: nursery 1: comm / offices 2: comm / offices	<b>Option 2a</b> G: retail 1: residential 2: residential	<b>Option 2b</b> G: retail 1: comm / offices 2: comm / offices
<b>Total project costs</b>	<b>£1,258,201</b>	<b>£1,133,180</b>	<b>£1,256,178</b>
End value	£140,000	£425,000	£128,000
<b>Deficit</b>	<b>-£1,118,201</b>	<b>-£708,180</b>	<b>-£1,128,178</b>

## 11 Possible sources of grant funding

- 11.1 Chapter 11 provides a discussion of the sources of funding that may be available to bridge the development deficit.
- 11.2 It is considered that there are no sources of gap funding sufficient to make either building viable for a commercial developer. Homes & Communities Agency (HCA) funding for affordable housing has now all been fully allocated for the next four years at least, and bank finance for residential schemes is extremely hard to secure. Applications to the Regional Growth Fund have heavily exceeded budget and it seems unlikely that there will be any ERDF under-spend after the distribution of remaining funds to short-listed projects.
- 11.1 Many of the issues above apply equally to projects taken forward by the voluntary sector. Although the not-for-profit sector can apply for sources of funding not available to the private sector, such as Lottery and charitable trust funds, reductions in Government funding and in interest on investments, have greatly increased the pressure on charitable trust fund budgets too. Cash flow loan finance is equally hard for voluntary sector groups to secure, particularly where they have no track record from previous schemes.
- 11.2 If the Fire Station and Shipperies are to be retained in community use and operated by the charitable developer, the 'end value' and thus 'development deficit' becomes largely

irrelevant. The delivery organisation needs to raise 100% of the project costs, not just the development deficit.

- 11.3 Despite the intense competition, voluntary sector-led projects that meet a wide range of charitable objectives, located in areas of multi-deprivation and with strong prospects of long-term sustainability, can still achieve significant fund raising targets. It is important to recognise that it is the end uses and proposed activities that drive funders' criteria, not the restoration of historic buildings per se. Generally very high levels of community participation and long-term physical access are required, ruling out funding for residential schemes.
- 11.4 The chapter recommends further exploration of both the Heritage Lottery Fund major grants and the Big Lottery Reaching Communities programmes, to see which would be the most appropriate for the end uses and activities proposed. A project can however only receive funding from one Lottery source. Eligibility for the Landfill Communities Fund should also be investigated.
- 11.5 Charitable trusts that may be able to provide matching funding include the Pilgrim Trust, Henry Smith Charity, Tudor Trust and Garfield Weston Foundation.
- 11.6 The chapter also suggests ways in which the local authority may be able to provide support, financial or otherwise.

## **12 Options for delivery**

- 12.1 It is clear that the development deficit and market conditions preclude private sector development and that a not-for-profit or voluntary sector-led approach is the most likely to secure capital funding and long-term sustainability.
- 12.2 Three delivery mechanisms would appear to be available:
  - Development by a community organisation for its own occupation;
  - Development by a not-for-profit organisation or social enterprise, for rent to voluntary sector organisations; and
  - Development by a building preservation trust, for onward disposal to another social enterprise to manage or to a community organisation for its own occupation.
- 12.1 The limited consultation undertaken has not identified an organisation to lead delivery, but a number of possible candidates have emerged in respect of each of these delivery routes, and these are discussed in chapter 12.
- 12.2 The report recommends a phased approach to delivery, with the Fire Station being taken forward first, as it is more likely to attract grant funding in the current climate than the Shipperies, due to its listed status and 'at risk' situation. Also the condition of the Shipperies is relatively stable, and if mothballed, the building should remain sound for many years. This would give time for the economy to improve, for capital fundraising to be achieved and, potentially, for some refurbishment work to be undertaken piecemeal by volunteers.
- 12.3 As regards the Council's disposal strategy, it is considered that there would be no value in undertaking a second marketing exercise as there is no commercially viable solution. The report recommends community asset transfer on a long lease for a peppercorn, to a not-for-profit organisation identified through consultation and community development.

### 13 Conclusions, recommendations and next steps

- 13.1 The report concludes that, given the level of funding required, a phased approach should be pursued, with the Fire Station being taken forward first and the Shipperies being mothballed.
- 13.2 Although there is considerable scope to 'mix and match' end uses and building layouts, of the sketch schemes developed for this study, option 3 appears to offer the greatest potential:
- Café to the street frontage of the Fire Station, commercially tenanted or community staffed and managed. Potential for local heritage interpretation and a small heritage facility here.
  - Community facilities in a rebuilt extension to the rear and on the first floor of the Fire Station, providing meeting rooms and office / studio space.
  - Works of urgent repair and mothballing of the Shipperies, to be taken forward as a later phase, potentially in a piecemeal fashion using volunteer or trainee labour.
- 13.3 A possible funding package for option 3 is as follows:

<b>Possible funding package: option 3</b>	
Heritage Lottery Fund	375,000
Charitable trusts	150,000
Landfill tax	75,000
City Council / neighbourhood funds	60,000
Private sector / development levies	150,000
<b>Total funding</b>	<b>£810,000</b>

- 13.4 The report notes that the Shipperies is an important landmark in the neighbourhood. The former pub, the Fire Station, the Victorian villas opposite and the terraced houses on Arnside Road together provide a 'critical mass' of historic buildings. They form a 'community hub' that provides continuity with the past for an area and community that is under-going considerable change. Considerable 'added value' could be achieved by taking forward a holistic regeneration scheme which encompasses all the properties in this small 'conservation neighbourhood'.
- 13.5 A possible timetable for the delivery of the Fire Station project is as follows:

<b>Indicative delivery timeframe</b>	
Community consultation as recommended by this report	Nov 2011 – Mar 2012
Lottery pre-applications submitted by identified lead organisation	April 2012
Stage one Lottery application submitted (probably to HLF)	June 2012
Stage one grant award	September 2012
Licence to occupy granted by LCC	December 2012
Matching funding applications submitted	December 2012
Stage two Lottery application submitted	June 2013
Stage two Lottery decision	September 2013
LCC asset transfer by long lease completed	December 2013
Contractor procurement completed	March 2014
Start on site for 8 months' contract	April 2014
Occupation	December 2014

- 13.6 To maintain the momentum engendered through community and agency engagement over the last few months, the following activities are recommended for the next six months:
- Further community consultation, ideally including site-based public events
  - Engagement with the local press, particularly the Echo, which has already shown interest in the project, to raise awareness of the consultation process
  - Dissemination of the findings of this report, by making the Executive Summary available electronically on websites and in hard copy at public / community venues
  - Identification of a 'community champion' to spearhead the project
  - Face-to-face consultation with organisations that have expressed interest in the site, and with others such as the building preservation trusts named in this report, to determine a 'lead organisation' and delivery mechanism for the project
  - Further interrogation of sketch schemes, costs and the timeframe for delivery, in light of the lead organisation's requirements
  - Specialist surveys to be undertaken inside both buildings, such as an asbestos survey
  - Urgent works to be carried out at the Shipperies to prevent further damage from water ingress