



## Committee and Date

Audit and Governance Committee

5<sup>th</sup> February 2026

10:00am

Item 9

Public



# Shirehall Decant Update Report

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<b>Cabinet Member</b> (Portfolio Holder):	Roger Evans, Portfolio Holder – Finance		

## 1. Synopsis

The audit reviewed arrangements for the disposal of Shirehall, focusing on governance, financial oversight, delegation, risk management, communication, and interim maintenance.

## 2. Executive Summary

- 2.1 The internal audit of the Shirehall disposal project identified a mix of effective controls and governance weaknesses due to changes in the staff structure of the Council, resulting in a Limited assurance rating. While strategic oversight, stakeholder engagement, and building compliance processes were found to be functioning well, the audit highlighted issues in governance, budget monitoring, and the maintenance of risk and project documentation.
- 2.2 Shirehall was declared surplus in 2022, with disposal expected to generate a capital receipt in 2026/27. However, progress has been affected as a result of the change in administration and their strategic review of the previous administration's decision.

### 3. Recommendations

- 3.1 Note the key updates provided in Appendix A as an interim update in respect of the three significant recommendations identified by audit.

## Report

### 4. Overall Position

- 4.1 While some controls around stakeholder engagement and oversight are working effectively, the limited assurance reflects weaknesses that may impact the project's ability to deliver within required timescales if not rectified — especially given the expiry of the Certificate of Immunity in September 2026.
- 4.2 Progress has been made in strengthening budget monitoring; however, the two key governance- related recommendations remain outstanding. Their delivery depends on the revised programme of work, which has altered the trajectory set by the previous administration. A new approach was approved by full Council in December 2025, and the Task and Finish Group's work is now underway.
- 4.3 Updates have been added and included in Appendix A and set out the progress up to the end of January 2026, on the two remaining outstanding actions and their prospective implementation dates.

### 5 Financial Implications

- 5.1 Shropshire Council continues to manage unprecedented financial demands, and a financial emergency was declared by Cabinet on 10 September 2025. The overall financial position of the Council is set out in the monitoring position presented to Cabinet on a monthly basis. Significant management action has been instigated at all levels of the Council reducing spend to ensure the Council's financial survival. While all reports to Members provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. All non-essential spend will be stopped and all essential spend challenged. These actions may involve (this is not exhaustive):
- scaling down initiatives,
  - changing the scope of activities,
  - delaying implementation of agreed plans, or
  - extending delivery timescales.

### 6 Background

- 6.1 The original audit raised three Significant Recommendations:

1. Political transition has delayed approval of certain contracts and agreements relating to the services supporting the initial phases of work. Revised agreement is being renegotiated following a Council-led strategic review, with an implementation review planned by March 2026.

2. Budget Monitoring – Previously inadequate monitoring processes have now been strengthened, and this recommendation is marked complete.
  3. Risk & Project Documentation – RAID logs, action trackers, and risk registers were found to be out of date, inconsistently maintained, and lacking clear timescales. Updated risk and opportunity appraisal work has since been completed as part of the December 2025 Strategic Review, with full documentation refresh expected by March 2026 pending Council decisions.
- 6.2 In terms of the recommendations overall, although some improvements have been made—most notably in budget oversight—two of the most critical recommendations remain dependent on both the work and outcomes of the Council recommendations agreed in December 2025, together with the associated Task and Finish Group.
- 6.3 Further Background - Cabinet requested a Strategic Review of the disposal of the Shirehall site which prompted a report to full Council in December 2025:
- Shirehall was vacated due to high costs, safety issues, inefficiency, and changes in working patterns post covid.
  - A financial emergency was declared in Sept 2025 as per section 5.
  - Cornovii Developments Ltd (CDL) was appointed to lead planning related work.
- 6.4 Strategic Review Findings:
- Refurbishment deemed unviable (£54.6m, structural issues, asbestos).
  - Do-nothing or sell-as-is options incur high costs and ongoing deterioration.
  - Demolition enables flexibility and value.
- 6.5 Recommended Option (Option 11 – Preferred): Mixed-use redevelopment Featuring extra care, GP medical centre(s), mixed-tenure housing, and commercial space. Aligns with national/local policy, meets housing and health needs, supports economic activity.
- 6.6 Risks & Mitigations set out and assessed as part of the Strategic Review :
- Planning/listing risks: COI expires Sept 2026.
  - Financial risks: mitigated through modelling and flexible scheme design.
  - Stakeholder risks: managed through effective engagement pre-planning.
  - Operational risks: mast relocation, archives, environmental constraints.
- 6.7 Next Steps post the agreed recommendations at full Council December 2025:
- Submit mixed-use planning application early 2026.
  - Continue engagement with NHS, residents, stakeholders.
  - Prepare full business case.
  - Progress COI extension request, which has now been submitted.
- 6.8 Task and Finish Group
- The 11 December 2025 Council meeting raised concerns about the late publication of a report outlining 11 redevelopment options for Shirehall, which limited Members' ability to review the proposals fully before making decisions. Members also questioned the implications of completely demolishing the building, noting the potential loss of civic space, and asked that options for retaining elements such as the Council Chamber be reconsidered.

The Shirehall Strategic Report stated that a full options appraisal had been undertaken, covering scenarios including retention, refurbishment, sale, and redevelopment, all assessed against three core objectives: meeting local community needs, minimising environmental impact, and maximising public value.

To ensure thorough consideration by Members, Council agreed to establish a rapid task and finish group to review the options in detail, identify any gaps or opportunities, and make recommendations back to full Council in February or March.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

**Local Member:** N/A

## **Appendices**

### **Appendix A Agreed Management Action Plan**

## APPENDIX A

### Summary of Agreed Management Actions

Rec No.	Issue (Summary)	Risk (Summary)	Management Action	Target Completion
1	The services agreement with appointed parties has not yet been finalised following changes in project scope.	Lack of a formalised agreement may affect clarity on roles, responsibilities, timescales and delivery.	Agreement is being reviewed following Council decisions and will be finalised once scope is confirmed.	End of March 2026 Responsible Officer: Estates Manager – Acquisitions and Disposals
2	Insufficient oversight of project costs was previously identified.	Without regular monitoring, overspends may not be identified.	Budget monitoring strengthened; recommendation complete.	Complete
3	Project risk registers and documentation required updating.	Out-of-date documents may prevent timely management of risks.	Risk appraisal updated as part of the Council paper Shirehall Strategic Review; full documentation refresh to follow Council decisions.	End of March 2026 Responsible Officer: Estates Manager – Acquisitions and Disposals