

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 28 JANUARY 2025



<b>Title of Report</b>	<b>MOIRA FURNACE – CAPITAL WORKS PROGRAMME UPDATE</b>	
<b>Presented by</b>	Councillor Tony Gillard Business and Regeneration Portfolio Holder  PH Briefed: Yes	
<b>Background Papers</b>	North West Leicestershire Regeneration Framework <a href="#">Lo res version.pdf</a>  The Heart of the National Forest Vision <a href="#">Our vision for The Heart of the National Forest</a>  UK SHARED PROSPERITY FUND <a href="#">(Public Pack)Agenda Document for Cabinet, 28/03/2023 17:00</a>	<b>Public Report:</b> Yes  <b>Key Decision:</b> Yes
<b>Financial Implications</b>	Adopting the recommendations set out in this paper will commit the Council to up to a total of £490,000 of capital expenditure. Budget of £330,000 is currently allocated to the project (£265,000 within the Capital Programme and £65,000 from the UK Shared Prosperity Fund). If the project is to proceed, the Council's capital investment will need to be increased by up to £160,000. It is recommended that the additional funding is found from the Business Rates Reserve. <b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	The project will deliver essential repairs to the Council owned Moira Furnace Building. The Furnace is a Scheduled Monument and there is a legal obligation on the Council (as owner) to protect it. Historic England monitors the condition of Scheduled Monuments and also licence repair works (by way of a Scheduled Monument Consent). A licence has been issued for the repair works the Council is seeking to undertake. The works have been subject to a competitive tender (procurement) exercise and will be awarded through a formal written contract which the Council's Legal Services Team will ensure is properly put in place. <b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	The project is being managed within existing staffing resources supported by specialist consultants where necessary. Consultant costs are being met using UKSPF grant.	

	<b>Signed off by the Head of Paid Service:</b> Yes
<b>Purpose of Report</b>	<ol style="list-style-type: none"> <li>1) To provide details of essential repair works that are proposed to be carried out to Moira Furnace.</li> <li>2) To report to Cabinet the (tendered) cost of these repair works.</li> <li>3) To report the difference between the allocated budget and tendered cost and seek an additional budget allocation.</li> <li>4) To seek approval to proceed to award the repair contract at the value stated.</li> </ol>
<b>Reason for Decision</b>	<p>Decisions to award contracts of the value set out in this report are a matter for Cabinet.</p> <p>Decisions to allocate funding from the Business Rates Reserve at the scale requested in this report are a matter for Cabinet.</p>
<b>Recommendations</b>	<p><b>THAT CABINET:</b></p> <ol style="list-style-type: none"> <li><b>1. AGREES TO PROCEED WITH REPAIR WORKS TO MOIRA FURNACE AT A CONTRACT VALUE OF £490,000.</b></li> <li><b>2. ALLOCATES AN ADDITIONAL £160,000 FROM THE BUSINESS RATES RESERVE TO MEET THE TENDERED COST OF THE WORKS WHICH WILL BE REFLECTED IN THE DEVELOPMENT PROGRAMME OF THE CAPITAL PROGRAMME.</b></li> <li><b>3. DELEGATES AUTHORITY TO THE STRATEGIC DIRECTOR FOR PLACE IN CONSULTATION WITH THE BUSINESS AND REGENERATION PORTFOLIO HOLDER TO:</b> <ol style="list-style-type: none"> <li><b>A) AGREE THE TERMS OF THE CONSTRUCTION CONTRACT WITHIN THE REVISED BUDGET.</b></li> <li><b>B) COMPLETE SUCH OTHER AGREEMENTS AS SHALL BE NECESSARY TO IMPLEMENT THE PROJECT, WITHIN THE APPROVED BUDGET</b></li> </ol> </li> </ol>

## **1.0 BACKGROUND**

- 1.1 Moira Furnace is owned by the Council and is listed as a Scheduled Monument dating back to 1806. It is considered one of the most well-preserved blast furnaces in the country. The Furnace and site are operated by Moira Furnace Museum Trust on behalf of the Council, and the Trust receives an annual grant of £37,600 from NWLDC towards the running costs. The grant contributes towards operational staffing costs. All other day-to-day running costs and expenses (e.g. utility costs) are funded by the

Trust, with annual operational costs currently being approximately £140,000pa.

- 1.2 Whilst the Trust is responsible for day-to-day operation of the Furnace, liability for structural repairs remains with the Council as Freeholder. It is the Council that has legal responsibility for protecting the building as a Scheduled Monument and Historic England ensures the Council meets its obligations.
- 1.3 Moira Furnace is located within Moira Furnace Country Park in the Heart of the National Forest, Moira, alongside a stretch of the Ashby Canal. The Furnace building is the largest (by number of visitors attracted) District Council owned tourist attraction in North West Leicestershire. The Council has committed to developing the site as an enhanced tourist attraction in the recently published North West Leicestershire Districtwide Regeneration Framework.
- 1.4 To ensure the condition of the Furnace Building is understood and that repairs can be instructed as needed, the Council prepares regular Schedule of Condition Surveys of the building. Towards the end of the last decade these began to show evidence of moisture ingress that would require works to address the underlying cause.
- 1.5 As part of the Council's budget setting process in 2018/19, £265,000 was allocated in the Council Capital Programme for repair works designed to resolve emerging maintenance issues at the furnace, which threatened the usability of the building as a tourist attraction.
- 1.6 The most significant maintenance requirement at the furnace at this time is to address multiple points of water ingress and restore a watertight envelope. Rainwater penetration through the roof and external walls has already led to one room in the Furnace becoming unusable (since 2018) and is now making ongoing use of the main museum area (the Hastings Room) unsustainable. Moira Furnace Trust has been forced to suspend use of the building as their offices and utilises one of the District Council owned Craft workshop units which in turn reduces income the Council is able to derive from its property portfolio.

The works that are proposed to be undertaken broadly include:

- i. Repairs to the flat (Chimney Platform) roof adjoining the bridge loft
  - ii. Repairs to the main roof and parapets
  - iii. Replacement of gutters and downpipes
  - iv. Internal repairs to wall and ceiling plasterwork to address and repair areas impacted by damp
  - v. Repair and recertification of electrical systems
  - vi. Extensive repointing of the external elevations using a lime mix mortar.
- 1.7 For ease of management the works are expected to be undertaken in two phases, firstly concentrating on making the structure watertight and then repairing damage caused by previous water ingress.
- 1.8 At completion of the works both the room that has not been useable since 2018 and the Hastings Room will be fully available to the Moira Furnace Trust to use to convey the history and story behind Moira Furnace to visitors and act as a museum. In particular, reopening the room that has been out of commission since 2018 will allow the Trust to extend their annual site programme with exhibitions, educational and craft workshops, specialist talks and seminars and to increase income for site operations which will help the financial sustainability of the site.

- 1.9 It should be noted that Moira Furnace Trust currently occupy unit 8 of the Council owned Craft Workshop development in the grounds of the furnace due to the internal condition of the Furnace building. Repairing the Furnace and bringing it back into a useable condition will allow the Trust to move back into the Furnace building thereby vacating unit 8 which the council could then relet to generate an additional rental income. Based on current rents being achieved for other neighbouring units an additional income in the order of £6,000 pa might be achieved.
- 1.10 All of the works proposed to be undertaken to the furnace require Historic England's consent. This has been an extremely difficult and lengthy process to navigate with a need to demonstrate why each element of work is required and how the Council can be assured that it will not devalue the historic fabric of the building. The Covid 19 pandemic, which occurred at the beginning of the process of developing the work programme and engaging with Historic England, has also created delay. All consents, however, are now in place.
- 1.11 Unfortunately, whilst the Council has been awaiting Historic England's consent there has also been a significant period of inflation within the construction industry. Upon receiving Historic England's consent, the repair works package was put out to tender. There were concerns that the budget available may not be sufficient.

## **2.0 FINANCIAL IMPLICATIONS**

- 2.1 In accordance with the Council's procurement process, formal tenders for the proposed construction contract have been obtained. The best price offered is £489,825.96 which is £224,825.96 over budget. This figure includes some contingency provision and there are a number of provisional sums within the tender where savings are expected to be found which will be added to the contingency sum.
- 2.2 £65,000 of UK Shared Prosperity Fund grant (UKSPF) allocated to the Moira Furnace Country Park site will be used towards the repair works, particularly to bring the Old Cottage space back into use.
- 2.3 Taking into account the use of UKSPF as described above the funding gap becomes £160,000.
- 2.4 Given the position of insufficient budget to cover cost of the works as tendered, officers have considered a number of options. These were:
- i. Reduce the scale of works to be completed to fit within the budget available. The proposed works are focused on repairing the roof, parapets and gutters, and pointing of the external brickwork. These elements of the structure work together to keep precipitation out of the building. Not tackling one element of work would negate the benefit obtained by completing the other elements and would likely mean that existing problems would persist meaning that expenditure that had been incurred was wasted.
  - ii. Seek alternative tenders. The construction contract was competitively tendered. Officers have already worked with the two contractors submitting the first and second best tender submissions to see if it is possible to reach a price within budget. The project Quantity Surveyor is of the opinion that the lowest price on offer to the Council is the market rate for the works required, despite remaining over budget.

iii. Seek additional budget. The Council has additional funding available in its Business Rates Reserve that could be used to close the gap between allocated budget and tendered cost of works. By investing additional capital now and ensuring the Furnace is weathertight further day to day repairs that would impact the revenue budget may be avoided.

2.5 Of the options identified, the only viable proposition is to find additional budget. It is noted that additional budget is available within the Business Rates Reserve. The principles of this fund are that it should be used to fund projects which either generate a return or reduce future revenue costs.

2.6 It is considered that making further investment into Moira Furnace will improve the quality of the attraction, drawing a greater number of visitors who will be prepared to pay the entry fee (thereby generating greater revenues to pay to run the site). Furthermore, funding comprehensive renovation will reduce the need for reactive maintenance in future years, whilst (as discussed in paragraph 1.9) above making the Furnace habitable again will allow the Trust to decant from Craft workshop number 8, thus allowing this unit to be commercially let to deliver additional income for the council.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	Planning and regeneration
Policy Considerations:	North West Leicestershire Regeneration Framework <a href="#">Lo res version.pdf</a>
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	Carrying out necessary repairs will ensure that customers continue to be able to enjoy Moira Furnace as a local tourist attraction
Economic and Social Impact:	Carrying out necessary repairs will safeguard the structure and site, develop the site as an enhanced tourist attraction, increase visitor spend on the site supporting the longer-term financial sustainability of the site. The site is well used by residents and visitors for recreational purposes (cycling, walking, horse riding and running) and situated in the Heart of the National Forest is a valuable social and economic investment site.
Environment, Climate Change and Zero Carbon:	Building works will be undertaken in accordance with Historic England consents.
Consultation/Community/Tenant Engagement:	Moira Furnace Museum Trust has been engaged with and consulted on the works programme throughout the whole process. The Trust is fully supportive of the proposed works programme and welcome the improvements proposed for the site.  Wider public consultation as part of the development of the Vision for the Heart of the

	Forest identified Moira Furnace Museum and Country Park as a priority investment site.
Risks:	<p>Risks have been and will continue to be considered within the development and progress of this project.</p> <p>Moira Furnace is managed within agreed asset management and risk registers processes.</p>
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