

WIRRAL COUNCIL

PENSIONS COMMITTEE

18 JUNE 2009

REPORT OF THE DIRECTOR OF FINANCE

MAJOR REFURBISHMENT AND REPAIRS AT CUNARD BUILDING, LIVERPOOL

1 EXECUTIVE SUMMARY

The purpose of this report is to advise Members of a major review of the Cunard Building, Liverpool, covering external works and communal areas to be implemented over a period of three years.

2. BACKGROUND

- 2.1 The Cunard Building was completed in 1917 and has been refurbished over time to cater for changing occupier and market requirements. The development of Grosvenor Liverpool One and other new offices built north of Tithebarn Street has increased the competition for quality space.
- 2.2 Current occupiers may be tempted to find alternative space providing modern needs for business and therefore a strategy has been prepared to ensure the retention of existing tenants and at the same time attract new tenants for vacant space.
- 2.3 The water front continues to attract strong interest with the redevelopment of Mann Island pre-let to Mersey Travel.
- 2.4 The Port of Liverpool Building and Royal Liver Building have both recently undergone major refurbishment works. Mindful of this and to ensure the Cunard Building maximises its opportunity to seek new and retain existing tenants, refurbishment of the building is required.
- 2.5 As part of a marketing strategy a full survey of the building has been undertaken by CB Richard Ellis, including consultation with the existing tenants.
- 2.6 Sections of the external stone work are falling off, representing a potential health and safety threat, therefore making repairs essential to this historic building.
- 2.7 The windows suffer from heat loss, draught and noise penetration and require general repair and maintenance.

- 2.8 The glazed brick finishes to two light wells require attention as water ingress is occurring caused by the lintels above the windows deteriorating due to carbonation of the concrete combined with chloride.

3. PROPOSED CHANGES

- 3.1 Refurbishment over a three year period is to include all communal areas and external works to the building, redundant toilet areas, light well structural repairs, overhauling each window to reduce heat loss and reduce noise, repair to external stone work and balconies and external stone cleaning.
- 3.2 Changes to be made to the common areas formed part of the consultation process with the agreement of the existing tenants.
- 3.3 Over and above the works already described, a further programme of refurbishment works in void areas will be required as and when the market begins to improve. This would be delayed until the void areas already refurbished have been let.

4 FINANCIAL IMPLICATIONS

- 4.1 The estimated total costs for both the common areas and external works are £4.02m plus VAT.
- 4.2 The RICS service charge code encourages Landlords not to include improvements which enhance value at the expense of the tenant. Hence the external works will be funded by MPF at an estimated cost of £1.85m plus VAT.
- 4.3 The work on the common areas, which will directly benefit tenants, will be recovered via the service charge, at an estimated cost of £2.17m plus VAT.
- 4.4 Improving the building to the standard required for tenants will encourage occupancy in a prestigious building to provide increased income and thus increase the value of the building.
- 4.5 Over and above the estimated costs of £4.02m plus VAT currently being reported, the estimated additional refurbishment cost in respect of void office space is a further £3.03m plus VAT. A report will be brought to the Pensions Committee at the appropriate time.

5. STAFFING IMPLICATIONS

- 5.1. There are none arising directly from this report.

6. EQUAL OPPORTUNITY IMPLICATIONS

- 6.1. There are none arising directly from this report.

7. COMMUNITY SAFETY IMPLICATIONS

7.1. There are no specific implications arising from this report.

8. LOCAL MEMBER SUPPORT IMPLICATIONS

8.1. There are no specific implications for any Member or Ward.

9. LOCAL AGENDA 21 IMPLICATIONS

9.1. There are no specific implications arising from this report.

10. PLANNING IMPLICATIONS

10.1. There are no specific implications arising from this report.

11. BACKGROUND PAPERS

11.1. CBRE Report December 2008 with amendments 27 April 2009, 5 May 2009 and 22 May 2009

12. RECOMMENDATIONS

12.1. That Pensions Committee agree to the proposed three year phased programme of refurbishment and repair at the Cunard Building, Liverpool at an estimated cost of £4.02m plus VAT.

12.2. That Pensions Committee note that a future paper will be presented in due course for further refurbishment at the Cunard Building.

IAN COLEMAN
DIRECTOR OF FINANCE