



# Cabinet

## Special Meeting

<b>Date:</b>	<b>Monday, 24 February 2014</b>
<b>Time:</b>	<b>5.00 pm</b>
<b>Venue:</b>	<b>Committee Room 1 - Wallasey Town Hall</b>

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## AGENDA

### 1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members of the Cabinet are asked to consider whether they have any disclosable pecuniary or non pecuniary interests in connection with any item(s) on this agenda and, if so, to declare them and state the nature of the interest.

### CENTRAL AND SUPPORT SERVICES

### 2. FORMER PACIFIC ROAD ARTS CENTRE AND TAYLOR STREET TRANSPORT MUSEUM AND TRAMWAY, BIRKENHEAD (Pages 1 - 18)

### 3. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)

To consider any other business that the Chair accepts as being urgent.

### 4. EXEMPT INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC

The following items contain exempt information.

RECOMMENDATION: That, under section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information as defined by the relevant paragraphs of Part I of Schedule 12A (as amended) to that Act. The Public Interest test has been applied and favours exclusion.

### 5. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 2)

To consider any other business that the Chair accepts as being urgent.

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## WIRRAL COUNCIL

CABINET 24 FEBRUARY 2014

<b>SUBJECT:</b>	<b>FORMER PACIFIC ROAD ARTS CENTRE, AND THE TAYLOR STREET TRANSPORT MUSEUM, BIRKENHEAD</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>HEAD OF UNIVERSAL &amp; INFRASTRUCTURE SERVICES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR ADRIAN JONES</b>
<b>KEY DECISION?</b>	<b>YES</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to recommend the leasing, separately, of the Taylor Street Transport Museum and the former Pacific Road Arts Centre.
- 1.2 The Council is not under a statutory duty to continue to operate these assets or to provide the services delivered from them.

### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 At its meeting on 29 March 2012 Cabinet considered a report on the outcome of a second marketing exercise for the operation at Taylor Street Transport Museum and the Pacific Road Arts Centre.
- 2.2 The report proposed a way forward which would include holding discussions with each of the parties that had expressed interest; detailed examination of the feasibility, technical issues and estimated costs in closing and decommissioning the Tramway, and in separating the Tramway infrastructure from the Pacific Road building; an evaluation of potential alternative uses for the buildings at Taylor Street and Pacific Road and discussions with the volunteers currently active in the operation of the Transport Museum and Tramway to assess their interest in a potential community asset transfer of the facilities and their capacity to complete such a transfer and assume full responsibility for the risks and liabilities arising from continued operation.

#### **Cabinet resolved that**

- (1) the outcome of the last tender exercise for the disposal of Pacific Road Arts Centre, the Transport Museum and Tramway be noted;
  - (2) the intention to dispose of these operations and assets be confirmed; and
  - (3) the then Director of Law, HR and Asset Management be instructed to proceed on the basis of the way forward outlined in his report during which time existing fixtures and fittings will be left in Pacific Road.
- 2.3 The Pacific Road Arts Centre was effectively 'mothballed'. There is one remaining tenant - KGB Guitars - who has been relocated within the building to allow more effective operation, and provide better security, and the building is now considered surplus to requirements.

2.4 Since the matter was last considered by Cabinet the then Head of Cultural Services, following consultation with the Portfolio Holder, relocated fixtures and fittings from the Pacific Road Arts Centre to the Floral Pavilion. This was done to support the operation of 'The Blue Lounge' at the Floral Pavilion and save the Council money in doing so by re-using equipment which would otherwise have been idle rather than buying or hiring similar equipment. This move is seen as having been successful in supporting the Floral Pavilion.

### **Continuing interest from third parties**

2.5 Those parties who remained interested in the facilities at the time of the last report to Cabinet were approached on the basis outlined in the report. Continuing interest was originally expressed by the BEST Consortium, Moonshooter Promotions Limited, and Hylgar Properties. This is explained in more detail in Appendix 1 and further considered in the options outlined later in the report.

2.6 Merseytravel is no longer pursuing its previous proposal to acquire all three assets from the Council.

### **Additional expressions of interest**

2.7 Since the report to Cabinet in March 2012:

- two separate further expressions of interest have been received for the conversion of Pacific Road to create enterprise/business start-up accommodation - one from a private investor and the other from Wirral Business Partnership (WBP), now Wirral Chamber of Commerce (The Chamber).
- A firm proposal has been received from The Merseyside Tramway Preservation Society (MTPS) for the asset transfer of the Wirral Transport Museum and Heritage Tramway from the Council to the Society.
- A presentation has been made by Peel Holdings of a 'Wirral Street Car Project' in connection with Wirral Waters.

These proposals are explained in more detail in Appendix 2.

### **Current context and issues arising.**

2.8 The Council's circumstances have changed considerably since efforts began to dispose of these assets, and since members last considered the future of the assets in March 2012.

2.9 These assets do not form part of the Council's core cultural services offer and it is assumed that annual revenue savings are to be sought from any future treatment of the assets. At the same time the Council is willing to consider alternative approaches to service delivery for the Museum and Tramway.

2.10 Pacific Road is no longer a performance venue and the Council now has to concentrate activities at the Floral Pavilion to support its business plan.

2.11 New proposals have emerged for both Pacific Road and the Transport Museum, in particular relating to community management of the transport museum and tramway, and the separate conversion of the Pacific Road building. Peel Holdings - with the

Wirral Street Car Project - has also brought forward an initial concept for the integration of the tramway into the Wirral Waters development and a potential wider transport network.

- 2.12 The opportunity now arises to consider afresh options for the future of this complex and unusual mix of assets, not just to contribute to savings requirements but also in terms of their fit with the wider regeneration of the area.
- 2.13 These options do not now envisage the de-commissioning of the tramway and so this report does not therefore address the various options and costings in this respect.
- 2.14 The combined portfolio of all three assets has been marketed twice without achieving a disposal and producing limited interest. The only known external interest in taking all three assets was that of the BEST Consortium. However, this was on the basis of the assets being a going concern i.e Museum, Tramway and Theatre/Arts Venue.
- 2.15 There is interest from the market in acquiring the Pacific Road building on its own. This is referenced in the appendices to the report. It should be noted however that some of that interest would be in re-establishing the building as an arts/performance venue, and that the Council no longer wishes to support such a use.

### **Proposed Way Forward**

- 2.16 It is the firm view of officers that circumstances have moved on since the original decision to dispose of all three assets was made. In particular:
- It is no longer feasible for the council to see the continuation of Pacific Road as a performance venue, the focus being on concentrating events and performances at the Floral Pavilion, thereby supporting its Business case.
  - There is now a single coherent bid from all the volunteer groups to take over the management and operation of the Transport Museum and Tramway. This is considered to offer the Council significant potential revenue savings.
  - There is firm interest from the Chamber to take over the Pacific Road building for conversion to enterprise space, and a successful bid for ERDF grant has been made.
  - Peel Holdings have brought forward their Wirral Street Car proposal, and as a key stakeholder in the regeneration of the area it is considered that their proposals, although at an early stage, have the potential to be brought forward.
- 2.17 It is the joint view of officers therefore that the Council should now negotiate terms for a transfer of the transport museum and tramway to the existing volunteer groups under the banner of the MTPS; negotiate terms for a lease of the Pacific Road building to the Chamber for its conversion to enterprise and employment space, and discuss with Peel Holdings the basis on which its Wirral Street Car Project can be developed and brought forward at the earliest opportunity, with the Tramway remaining in council ownership.
- 2.18 Such an approach would be expected to:-
- deliver revenue savings to the Council.
  - maintain and develop the existing heritage attraction of the Transport Museum and Tramway through a different means of service delivery with greater volunteer control.

- strengthen economic and business activity.
- contribute to the wider regeneration of the area and in particular support the development of the early phases of Wirral Waters.

### **3.0 PROPOSED TERMS**

- 3.1 The estimated cost of altering and adapting the former Pacific Road building are outlined in the attached Appendix 3 and are being funded by a combination of ERDF grant, a Growing Places loan and the Chamber's own capital.
- 3.2 The Chamber has provided financial forecasts setting the likely rental income from the building, once refurbished, against estimated costs. These are examined in more detail in the appendix 4 attached.
- 3.3 It is intended to transfer the building by way of a 25 year lease at a peppercorn rent. An Agreement for Lease will be entered into first requiring the works to be done to the Council's satisfaction, on completion of which the lease will be granted.
- 3.4 The lease will be contracted out of the Landlord & Tenants Acts meaning that there will be no security of tenure at the end of the lease term and the building will revert back to the Council.
- 3.5 Members should be aware that, under section 123 of the Local Government Act 1972, the Council shall not dispose of land for a consideration less than the best that can reasonably be obtained. However, circular 06/03: Local Government Act 1972 General Disposal Consent (England) 2003 gives the Council power to dispose of an asset at less than market value on the grounds that to do so is in the interest of the economic and / or environmental and / or social well being of the inhabitants of the Borough and provided also that any undervalue if it exists does not exceed two million pounds, per transaction. Appendix 4 addresses this issue. A peppercorn rental over a 25 year period will be within the terms of s123 of the Local Government Act.

### **4.0 RELEVANT RISKS**

- 4.1 As part of the Council's Strategic Asset Review Pacific Road was not offered to the market as a single entity. Both marketing exercises to date have linked it to the Transport Museum and the Tramway. Interest has been shown by a private developer who successfully converted the Shorelines Building adjacent to the Cheshire Lines Building into offices. This would however require ERDF grant which the Chamber advises closed to new applications last October under this round. Moreover, ERDF funds are limited and there is no guarantee that any future ERDF calls would support capital projects of this nature. The Head of Regeneration has confirmed this.
- 4.2 If offered to the market as a single entity in its present condition, it could well attract offers. However the proposal in this report will see the Council retaining an asset that will ultimately be worth more than its market value at present. In addition, the requirement to retain access to the tramway and associated substation and track within the building represent major encumbrances to development but The Chamber have embraced these considerations in their future plans to retain the historic tramway to support activities arising through the Wirral Waters and associated developments.

## **5.0 OTHER OPTIONS CONSIDERED**

- 5.1 Continue to operate Pacific Road, Taylor Street and the Tramway.  
No - we need to achieve savings and this is not part of our core offer.
- 5.2 Close the Tramway and Taylor Street and mothball the facilities.  
No - we have interest so why would we mothball? We can keep the heritage tramway operation with what is proposed.
- 5.3 Close the whole operation and dispose of Pacific Road and Taylor Street.  
No - this would require the Tramway to be de-commissioned at a cost of approximately £1.9M which would far outweigh any receipt. In addition, we can keep the heritage Tramway operation with what is proposed.
- 5.4 Sell Pacific Road in isolation.  
This is dealt with in 4.1 above.

## **6.0 CONSULTATION**

- 6.1 All previous bidders have been consulted.
- 6.2 The Volunteers at Wirral Transport Museum have been consulted.

## **7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 7.1 It is intended that the continued operation of the Museum and Tramway will be undertaken by volunteers

## **8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 8.1 The revenue savings have been reported previously. Responsibility for all future running costs and capital works will pass to the Chamber for the duration of the lease.

- 8.2 The original grant received for the project was as follows:

SRB £3,402,074

ERDF £685,000

Total £4,087,074

- 8.3 The SRB element of the award is now free of clawback. The ERDF sum could still potentially be clawed back if we change the use of the building for which the grant was originally given. ERDF define the economic life of the building as 20 years and the grant was awarded in 1999.
- 8.4 All staff employed at Taylor Street have taken, or are to take, EVR within this financial year.

## **9.0 LEGAL IMPLICATIONS**

- 9.1 Appropriate documentation will need to be drawn up to effect the transfers.

9.2 Secretary of State Consent will be required to proposals under the Tramway Orders governing the tramline Consent will only be given on the basis of finalised terms of documents and parliamentary agents will be asked to deal with this aspect if and when appropriate.

## **10.0 EQUALITIES IMPLICATIONS**

10.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(a) Yes an impact review is at

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/law-hr-asset-management>.

## **11.0 CARBON REDUCTION IMPLICATIONS**

11.1 Previously reported.

## **12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

12.1 The site is designated as part of the Primarily Industrial Area in the Unitary Development Plan and the property is a Grade II listed building.

12.2 Planning permission and listed building consent was granted to Wirral Business Partnership on 22 November 2013 for additional office accommodation within Use Class B1 and for alterations throughout building.

## **13.0 RECOMMENDATIONS**

13.1 That all parties that have bid for, or shown an expression of interest in, any of the assets be thanked for their interest.

13.2 That the Council enter into an Agreement for Lease with The Chamber to facilitate the draw down of funding for the conversion of the Pacific Road building to a managed business centre, on completion of which a 25 year contracted-out lease will be granted at a peppercorn. The agreement will allow access by the Council and the Merseyside Tramway Preservation Society to the tramline inside the building, and the sub station, which powers the tramway.

13.3 That an appropriate means of transferring responsibility for operating the Taylor Street Museum and Tramway to the Merseyside Tramway Preservation Society be agreed and documented.

## **14.0 REASONS FOR RECOMMENDATIONS**

14.1 To formally bring the last tender exercise to a conclusion.

14.2 To facilitate the transfer and conversion of the Pacific Road building.

14.3 To transfer the operation of the Taylor Street Museum and Tramway out of Council control.

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**APPENDICES**

Appendix 1 – Continuing Interest from Third Parties  
Appendix 2 – Recent Expressions of Interest  
Appendix 3 – Cash Flow Forecast  
Appendix 4 – Financial Implications

**REFERENCE MATERIAL**

None

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Cabinet</b>	<b>29 March 2012</b>
<b>Cabinet</b>	<b>22 September 2011</b>

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## **FORMER PACIFIC ROAD ARTS CENTRE, AND THE TAYLOR STREET TRANSPORT MUSEUM, BIRKENHEAD**

### **CONTINUING INTEREST FROM THIRD PARTIES**

#### **BEST Group**

The BEST Group were originally strongly interested in taking over the combined portfolio of all the three assets and saw them as a regeneration opportunity.

However, the Head of Universal & Infrastructure Services has written to the BEST Group outlining the Council's present proposals for Pacific Road, Taylor Street and the Tramway. The views of the group were requested by 17<sup>th</sup> October 2013 but no reply has been received to date and so it can only be assumed that the group are no longer interested in taking occupation of the premises.

#### **Moonshooter Promotions Limited**

Moonshooter Promotions Limited is a musical promoter interested in the concert venue side of the Pacific Road building for rock concerts.

The company had proposed an outright purchase of the building, but the Council no longer wishes to see Pacific Road operate as a performance venue, in order to consolidate arts/performances at the Floral Pavilion.

#### **Hylgar Properties**

As with Moonshooter Promotions Limited Hylgar Properties expressed continued interest in acquiring the Pacific Road venue alone, for use as a performance venue.

#### **Merseytravel**

It was reported to Cabinet on 29 March 2012 that Merseytravel had not submitted a bid for the combined group of assets and that whilst they remained interested in them any bid would be subject to a more rigorous assessment of their business case by external accountants. Since then they have not pursued their previous interest and the outcome of the assessment of their business case is unknown. Merseytravel are no longer pursuing the acquisition of the assets.

It is understood however that they have however been in discussions with Peel Holdings on Peel's ideas for sustainable transport within Wirral Waters and that they are supportive of Peel's Wirral Street Car Project to which reference is made elsewhere in this report.

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## **FORMER PACIFIC ROAD ARTS CENTRE, AND THE TAYLOR STREET TRANSPORT MUSEUM, BIRKENHEAD**

### **RECENT EXPRESSIONS OF INTEREST**

#### **Egerton House - conversion of Pacific Road**

Interest has been expressed by Egerton House t/a Wirral Business Partnership (now the Wirral Chamber of Commerce) in the Pacific Road building. The company wished to undertake a project to bring Pacific Road back into use by reconfiguring the existing layout to provide managed workspace. The new centre would accommodate a range of business types: 'social enterprises, private organisations, incubator space for fledgling and innovative businesses and visitor and knowledge economy operations'. Particular emphasis would be on innovation, entrepreneurship and business growth. The building would also serve to benefit the community and an education business link function

It is expected that after development the building would provide some 16,000 sq ft of managed workspace plus a catering kitchen and bar area as well as retaining an historic tram on the internal tracks plus its live line in preparation for Wirral Waters and associated visitor economy activities. The substation and infrastructure which feeds the tramline would also remain in place.

ERDF grant has been secured together with a loan from the Growing Places Fund. These, together with a capital contribution from the Chamber, are sufficient to fund the conversion works.

#### **Community Asset Transfer - Transport Museum & Tramway**

Following discussions with the volunteer groups who are active in the running of the transport museum and tramway a draft business plan has been submitted. Under that plan the volunteer groups propose that the Council should retain ownership of the transport museum and tramway but the groups would operate and manage the assets on behalf of the Council under a long term lease.

Based on the initial work done by the volunteers they anticipate being able to deliver substantial annual savings in running costs whilst developing the assets into a popular visitor attraction. They do identify within the plan the need for some initial and continuing financial support from the Council.

Their preferred option contains the following main elements:

The Council retains the freehold interest in the assets.

The volunteers are granted a long term lease.

The Council retains responsibility for

- The building - external and structural elements
- The tramway
- The museum collection

The volunteers take on liability and costs for

- Refurbishment/decoration
- All staffing (on a voluntary basis)
- Day-to-day maintenance and operation of the collection service charges, insurance costs and running costs would be transferred to the volunteers on a proposed tapering basis over an agreed period of time.

Their proposal estimates that based on the most recently available figures this would provide an immediate saving on running costs of some 77% for the Council on transfer, proposing to rise to 100% over the period of the taper.

They are clear that a “full” asset transfer would be unviable.

### **Wirral Street Car Project**

In October 2012 Council officers were invited to a presentation by Peel Holdings of ‘The Wirral Street Car Project’.

The proposal is to extend the existing historic street car infrastructure to connect early stages of development at Wirral Waters with existing rail, ferry and bus services. Peel state that the project offers the opportunity to

- Be an exemplar project in low cost speedy procurement
- Make best use of the available time and expertise that existing community groups and volunteers are already contributing
- Be delivered quickly as the land requirements are in the ownership of Peel, Wirral Council and the Homes & Communities Agency.

The proposal identifies support from Merseytravel, who as noted elsewhere in the report are no longer understood to wish to pursue their own acquisition of the assets.

Further details are given in the attached presentation document.

### **Pacific Road - private sector approach**

An initial unsolicited approach has been received from a private sector developer who refurbished and the Shorelines Building in Shore Road, Birkenhead. The developer has suggested a scheme for the Pacific Road building which would include

- Preserving the external and internal tram facilities including the ancillary spaces accessed from the tramway.
- Part-glazing the Shore Road gable and illuminating the trams housed within the facility whilst using accent-lighting to the building’s exterior. This will create added interest in the development, and add drama to the Shore Road street scene.
- Converting the stage and auditorium area for use as ‘hot-desk’ office space for start-up entrepreneurs, with meeting rooms and a first floor break-out space in the area of the existing bar.
- Maintaining KGB Guitars, accessed from outside the tram operating area.

They are of the opinion that the critical mass of employment activity in the area could be enhanced, and mutually supported by, the adaptation and refurbishment of the Pacific Road complex, to meet local demand for entrepreneurial, managed workspace.

They say they have funds available to acquire the asset, but any bid would be dependent on European Funding, which will not now be available due to Wirral Business Partnership's successful bid.

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## Egerton House

## CASH FLOW FORECAST

	Oct 13	Nov 13	Dec 13	Jan 14	Feb 14	Mar 14	Apr 14	May 14	Jun 14	Jul 14	Aug 14	Sep 14	Total
	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>RECEIPTS</b>													
ERDF grant	-	-	-	-	-	170,397	-	-	48,765	40,385	38,288	16,965	315,000
Capital introduced	-	-	100,000	-	-	-	-	-	-	-	-	-	100,000
Loan Capital	-	-	-	485,000	485,000	-	-	-	-	-	-	-	485,000
	-	-	100,000	-	485,000	170,397	-	-	48,765	40,385	38,288	16,965	900,000
<b>PAYMENTS</b>													
Professional fees	-	-	23,370	-	23,370	-	-	23,370	-	-	-	-	70,110
Planning fees	-	-	3,695	-	-	-	-	-	-	-	-	-	3,695
Legal fees	-	-	700	-	-	-	-	-	-	-	-	-	700
Contingency fees	-	-	-	-	-	-	-	-	-	-	37,095	-	37,095
Demolitions and alterations	-	-	-	-	9,780	-	-	-	-	-	-	-	9,780
Substructure	-	-	-	-	8,950	-	-	-	-	-	-	-	8,950
Contractor preliminaries	-	-	-	-	73,522	-	-	-	-	-	-	-	73,522
Infrastructure	-	-	-	70,000	-	-	-	-	-	-	-	-	70,000
Refurbishment - various	-	-	-	31,496	-	-	-	-	-	-	-	-	31,496
Superstructure - frame	-	-	-	20,546	-	-	-	-	-	-	-	-	20,546
Superstructure - internal walls and partitions	-	-	-	67,480	-	-	-	-	-	-	-	-	67,480
Superstructure - upper floors	-	-	-	35,980	-	-	-	-	-	-	-	-	35,980
Superstructure - windows and external doors	-	-	-	64,810	-	-	-	-	-	-	-	-	64,810
Superstructure - roof	-	-	-	34,750	-	-	-	-	-	-	-	-	34,750
Superstructure - internal doors	-	-	-	16,900	-	-	-	-	-	-	-	-	16,900
Internal finishes - walls	-	-	-	-	-	-	-	17,165	17,165	17,165	-	-	51,495
Internal finishes - floors	-	-	-	-	-	-	-	21,385	21,385	21,385	-	-	64,155
Internal finishes - ceiling	-	-	-	-	-	-	-	17,720	17,720	17,720	-	-	53,160
Services - various	-	-	-	-	-	-	-	59,688	59,687	53,125	-	-	172,500
Services - builder's work in connection with services	-	-	-	-	-	-	-	-	-	-	5,688	-	5,688
Services - builder's profit and attendance on services	-	-	-	-	-	-	-	-	-	-	5,688	-	5,688
External works - site works	-	-	27,765	-	1,500	-	-	-	-	-	-	-	1,500
	-	-	27,765	-	459,084	-	-	139,328	115,957	109,395	48,471	-	900,000
<b>NET CASH FLOW</b>	-	-	72,235	-	25,916	170,397	-	(139,328)	(67,192)	(68,810)	(10,183)	16,965	-
<b>OPENING BANK</b>	-	-	-	72,235	72,235	98,151	268,548	268,548	129,220	62,028	(6,782)	(16,965)	-
<b>CLOSING BANK</b>	-	-	72,235	72,235	98,151	268,548	268,548	129,220	62,028	(6,782)	(16,965)	-	-

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## **FORMER PACIFIC ROAD ARTS CENTRE, AND THE TAYLOR STREET TRANSPORT MUSEUM, BIRKENHEAD**

### **FINANCIAL IMPLICATIONS**

The attached financial forecasts supplied by the Chamber in support of its business case show an anticipated profit in the years to September 2016 and September 2017 of £56,132 and £81,838 respectively.

The estimated average over this two year period is £70,000 per annum or thereabouts which the Council could choose to negotiate a share of, say 50% or £35,000 per annum.

This however represents the best case scenario and assumes for example a 100% occupancy rate, though there will certainly be void periods, particularly as businesses grow and move on.

Further, the forecasts only allow for the payment of one employee to run the refurbished building but it is likely that more will be required due to the nature of the end users. The appointment of just one more employee would reduce the anticipated annual profit by virtually half leaving the Council's share at approximately £17,500 per annum.

Any further fluctuations in outgoings over the term could feasibly wipe out any profit whatsoever, especially bearing in mind the above average maintenance costs for this substantial Grade II Listed Building.

The Chamber is a not for profit organisation and any surplus monies will be recycled into supporting established business and new start-ups through grant assistance and rent subsidies.

It is with this in mind that a peppercorn rental is recommended.

The theoretical subsidy which this lease will give to the Chamber relates to the present value of the estimated rental value of the building in its current condition taken over the 25 year term. Using standard valuation practices of the Royal Institution of Chartered Surveyors, this is calculated to amount to a maximum of £272,000 or thereabouts.

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