

6 DECEMBER 2022

Report Title:	DISPOSAL BY LONG LEASE OF TREASURY ANNEXE BUILDING, BIRKENHEAD
Report of:	SENIOR MANAGER STRATEGIC ASSET MANAGEMENT

REPORT SUMMARY

The Treasury Annexe Building is currently occupied on a short term lease by Make Hamilton Square Ltd ('Make') as a centre for makers and creatives. Make intends to relocate to alternative premises in Argyle Street, Birkenhead on or before the expiration of the lease in July 2024. At that point, the Annexe Building will become vacant and surplus to the Council's requirements.

In September 2022, Wirral Borough Council secured approval and funding from the Department for Levelling Up, Housing and Communities' (DLUHC) Towns Fund for a number of projects within the Birkenhead Town Deal programme. The Joy Project is one such project, which has identified the Treasury Annexe Building as a suitable location for its activities.

It is therefore proposed that the Council makes a disposal of the property to the Open Door Charity on a long lease in return for a premium of £270,000 plus VAT.

The Wirral Plan 2021 - 2026 covers the following five themes:

- Safe & Pleasant Communities
- Brighter Futures
- Active and Healthy Lives
- Sustainable Environment
- Inclusive Economy

The disposal of this asset and the use of Town Deal funds, together with the wider regeneration programme, delivers against all of the above themes.

The transaction has implications for the Birkenhead and Tranmere ward.

This is not a key decision.

RECOMMENDATION/S

The Director of Regeneration and Place is recommended to agree to the granting of a long lease to Open Door Charity (Charity No. 1189664) for a term expiring in December 2119 for a premium of £270,000 plus VAT, at a peppercorn annual rent.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Once vacated by Make Hamilton Square Limited, the Treasury Annexe building will become vacant and surplus to Council requirements. A disposal by way of a lease c.99 years will divest the Council of a surplus asset for the long-term and generate a capital receipt.
- 1.2 The disposal by way of a long lease of the property to Open Door Charity will enable the delivery of the Wellbeing & Opportunity Centre (the 'Joy Project') which is an approved project of the Town Deal programme.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council has no requirement to use the building itself, so a disposal is the most appropriate route. The Council could dispose of the property on the open market, but this would not achieve the outputs proposed as part of the Town Deal.

3.0 BACKGROUND INFORMATION

- 3.1 The Treasury Building comprises a four-storey office block constructed in 1959 and is situated on the corner of Hamilton Square, Birkenhead. The Treasury Building was extended by the Annexe Building in 1969 with a linked corridor to the main building. The Annexe was reduced in height some years ago and now comprises a single storey of offices and link building, plus a basement area.
- 3.2 Around 2018 the Annexe was no longer used by the Council as offices and consideration was given as to its future, including demolition. Make was an organisation that the Council wanted to support in the hope of generating creative activity in the area and a short-term lease was granted which expires in July 2024.
- 3.3 In addition to Make leasing the Annexe, the Wirral Metropolitan College secured funding from the Liverpool City Region Combined Authority to invest in the Treasury Building and was given a 99-year lease from December 2020. Of the combined buildings, the Council now only retains possession of the basement, but no longer delivers any services from there.
- 3.4 In November 2019, DLUHC launched its Towns Fund programme with the ambition of creating jobs and building stronger and more resilient local economies and communities. In June 2021 the Government approved the Town Investment Plan and announced a Town Deal award of £25m for Birkenhead. This included the approval of 12 projects.
- 3.5 One of the 12 approved projects is the Health and Wellbeing Centre, also known as the Joy Project, and £3,981,809 has been allocated to this project to include the acquisition of suitable premises.
- 3.6 The business plan submitted by the Wellbeing and Opportunity Centre (Joy Project) advises that: *"...it will embed culture and creativity in mental health provision by providing a vibrant and accessible environment where a fully integrated network of organisations have space for the community to access services which will improve their health, wellbeing and life chances. Joy will not feel like a traditional health*

centre, but will bring together health, arts and culture sectors. Joy is led by Open Door Charity and Wirral Community Health & Care NHS Foundation Trust.”

- 3.7 The Joy Project has identified the Treasury Annexe Building as suitable to deliver its activities and has requested that the Open Door Charity be permitted to acquire a long lease, once Make has vacated. Make will be vacating on or before July 2024.
- 3.8 The freehold value of the property has been assessed by the Council's property consultants at £270,000 and the Assets Management team have assessed and confirmed that the premium for a 99 year lease equates to that of the current open market value of the freehold.
- 3.9 The Open Door Charity has agreed to pay the premium of £270,000 plus VAT on the basis of it being given a long lease to match the lease granted to the Wirral Metropolitan College, i.e. expiring in December 2119, at an annual rent of a peppercorn.
- 3.10 The premium needs to be fixed in order for Joy to finalise the Town Deal project, but the grant of the lease will not take place until Make has vacated. This will result in a gap between agreeing the premium and completing the lease. Fluctuations in the property market may mean that the actual value of the premium could change within that time and there is a chance that the value could increase, although the premium would stay fixed at £270,000 plus VAT.
- 3.11 Section 123 of the Local Government Act 1972, except with the consent of the Secretary of State, requires that the Council shall not dispose of land, otherwise than by way of a short tenancy for a consideration less than the best that can reasonably be obtained. However, the Secretary of State has issued the General Disposal Consent (England) 2003 (“the General Disposal Consent”) which applies where:
- (a) a local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area; i) the promotion or improvement of economic well-being; ii) the promotion or improvement of social well-being; iii) the promotion or improvement of environmental well-being; and
 - (b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds).
- 3.12 Should the value of the property increase between the date of this report and the grant of the lease, it is considered that any undervalue will be permitted under the principles of the General Disposal Consent, as any undervalue and the activities proposed by the Joy Project, contingent upon leasing the Treasury Annexe Building meet the criteria for the General Consent.
- 3.13 The Treasury Annexe building is located close to Argyle Street, a key regeneration area and focus of the Birkenhead 2040 Framework regeneration strategy, that will link the town centre to the waterfront. The re-use of the building as a community asset and for the proposed purpose will contribute to the Council's regeneration ambitions for Birkenhead and the Argyle Street area in particular.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The lease of the Property will result in a receipt of £270,000 plus VAT to the Council and will divest the Council of the current residual costs of insuring and repairing the building.
- 4.2 The Town Deal grant allocation for this project is £3,981,809. Of this £1,294,410 has been received with the balance expected in 2023/24. The funding is currently held by the Council as accountable body for the programme, however, it will be passed to the project lead for delivery of the project and secured via a Grant Funding Agreement.

5.0 LEGAL IMPLICATIONS

- 5.1 Section 123 of the Local Government Act 1972, except with the consent of the Secretary of State, requires that the Council shall not dispose of land for a consideration less than the best that can reasonably be obtainable. Further detail is contained in paragraph 3.11 of the report.
- 5.2 The transaction will require the Council to enter into a lease with the Open Door Charity. An Agreement for Lease and a Lease will be drafted up by the Council's Legal Services to reflect the terms described in this report. By granting a lease the Council grants the Tenant the exclusive right to occupy the premises. Provided the Tenant complies with the terms of the lease, the Council cannot remove the Tenant until the end of the term of the lease.
- 5.3 The premium of £270,000 and other terms of the lease agreed prior do not presently amount to a subsidy under the Subsidy Control Act 2022. Any increase in the value of the property as at the date of commencement of the lease will need to be considered again at that time to ensure that any subsidy arising is lawful.
- 5.4 The proposed use of the property by the Open Door Charity for the Joy Project may require planning consent for a change of use and it will be incumbent on the Tenant to ensure this is obtained.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There are no resource implications to this report. The lease of the asset to Open Door Charity will be dealt with by officers of the Asset Management team within their existing work programme, with support from officers of the Economic Growth Team.

7.0 RELEVANT RISKS

- 7.1 Should the lease of the asset not be approved, then this particular Town Deal project will not go ahead in the Joy Project's preferred premises. A new property would need to be found which would add risk to delivery of the project within the Government delivery time-frame. There is a risk that the agreed outputs of the Project would not be delivered, and the funding would need to be returned.
- 7.2 If this transaction does not proceed the property would be vacant and surplus, so a new buyer or tenant would need to be found for the premises.
- 7.3 As the price is to be fixed well in advance of the date of sale, as set out in 3.10, there is a chance that the value could differ. Given the nature of the building and this particular sector of the property market, this is considered to be a low risk.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 There has been significant interest from stakeholders and the community in the Town Deal programme. To ensure that stakeholders and the local community are fully engaged in the process a robust stakeholder engagement plan has been implemented.
- 8.2 As the Joy Project has evolved, the project leads have undertaken extensive consultation and engagement with community groups, stakeholder and future users of Joy. Creative methods have been used to ensure the project is developed to meet the needs of its users and the local community.

9.0 EQUALITY IMPLICATIONS

- 9.1 The potential impact of a Town Deal for Birkenhead has been reviewed with regard to equality and links to the existing EIA conducted for Wirral's Growth Plan and no amendments have been made. Therefore, the original EIA is still valid. A separate EIA for each of the project has also been undertaken.

<https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2014-0>

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 Upon the grant of the lease, significant control of the asset will pass to the Joy Project, however, DLUHC in its guidance on Towns Fund sets out that proposals must be guided by sustainability judged by economic, environmental, and social impact.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 The projects within the Town Deal programme for Birkenhead will revitalise the town ensuring that more wealth is invested and stays within the Borough. Several of the projects are being developed by local community interest companies which will help build a more resilient local community and support community organisations. Future procurement exercises will build the wealth of local communities where the Council will strive to maximise social value activity through creation of local employment/training opportunities and local labour/spend to maximise the Wirral pound.

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APPENDICES

Location Plan

BACKGROUND PAPERS

Valuation advice

TERMS OF REFERENCE

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Economy Regeneration & Development Committee – 'Birkenhead Town Deal funding request'	26th January 2021
Economy, Regeneration and Development Committee 'Town Deal - Acceptance of Grant'	22nd November 2021
ODN 'A Town Deal for Birkenhead – Approval of Full Business Case' (Tranche 1)	7th April 2022
ODN 'A Town Deal for Birkenhead – Approval of Full Business Case' (Tranche 2)	6 th July 2022