



REPORT TITLE:	ACQUISITION OF THE SHOPPING CENTRES KNOWN AS THE PYRAMIDS AND THE GRANGE, BIRKENHEAD
REPORT OF:	HEAD OF LEGAL SERVICES

REPORT SUMMARY

This report enables the purchase of the shopping centres known as The Pyramids and The Grange, Birkenhead from the property owner, Mars Pension Fund Trustees.

In particular the report sets out the process for the acquisition of the properties on completion of satisfactory due diligence along with the associated appointment of Jones Lang LaSalle Property Limited to fulfil day to day property and asset management functions for the two centres and Barker Proudlove Limited and Emanuel Oliver Ltd to carry out letting agency functions.

The Wirral Plan 2021 - 2026 has been developed and the focus covers the following five themes:

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

The purchase and the wider regeneration Programme, supports the delivery of all above themes.

This matter affects Birkenhead and Tranmere Ward. This matter is a Key Decision.

EXEMPT INFORMATION

The exempt report of 27 April 2023 to the Council's Policy and Resources Committee (which is listed as a Background Document to this report) contains exempt information as defined in Schedule 12A of the Local Government Act 1972. It is in the public interest to exclude the press and public in relation to that report under Paragraph 3 'Information relating to the financial or business affairs of any particular person' (including the authority holding the information).

RECOMMENDATIONS

The Director of Law and Governance approves:

- (1) the acquisition of the Pyramids and the Grange, Birkenhead from the property owner, Mars Pension Fund Trustees;
- (2) the appointment of Jones Lang LaSalle Property Limited (JLL) to fulfil day to day property management function for the two centres including asset management,

- rent collection, service charge administration, proactive and reactive repairs and maintenance, security maintenance electrical testing and litter collection for a period of 12 months from the date of acquisition; and
- (3) the appointment of Barker Proudlove Limited and Emanuel Oliver Ltd as letting agents for the shopping centre for a period of 12 months.

1.0 REASONS FOR RECOMMENDATION

1.1 On 27 April 2023 the Council's Policy and Resources Committee considered a report relating to a Strategic Acquisition. The report contained exempt information as defined in paragraph 3 of Schedule 12A of the Local Government Act 1972. It was considered in the public interest to exclude the press and public as the report and appendices contained 'Information relating to the financial or business affairs of any particular person (including the authority holding the information)' during the consideration by Committee of the report and its appendices. Policy and Resources Committee resolved [amongst other matters] to approve:

- the acquisition of the Pyramids and Grange Shopping Centres from the Mars Pension Fund Trustees [a plan of which is set a in Appendix 1 to this report];
- that the acquisition be financed by funding via the Public Works Loan Board;
- that the Director of Law and Governance, in consultation with the Director of Regeneration and Place, be authorised to negotiate and finalise the associated legal documentation for the acquisition of the Pyramids and Grange Shopping Centres;
- the appointment of Jones Lang LaSalle Property Limited (JLL) to fulfil day to day property and asset management functions for the two centres including asset management, rent collection, service charge administration, proactive and reactive repairs, security electrical testing and litter collection for a minimum period of 6 months from the date of acquisition; and
- the appointment of Barker Proudlove Ltd and Emanuel Oliver Ltd as letting agents for the shopping centre.

1.2 The Director of Law and Governance is content to proceed with the purchase within the terms of the authority to given to them by Policy and Resources Committee.

1.3 Terms have been agreed to for the associated appointment of Jones Lang LaSalle Property Limited (JLL) to fulfil day to day property and asset management functions for the two centres and Barker Proudlove Limited and Emanuel Oliver Ltd to carry out letting agency functions. Such appointment will enable there to be continuity given that JLL were already acting as the property manager for Mars Pension Fund on the property. The appointment of Barker Proudlove Limited and Emanuel Oliver Ltd provides continuity as this is the same arrangement that was entered into by Mars Pension Fund. The appointment of JLL, Barker Proudlove Ltd and Emmanuel Oliver Ltd, each for a term of 12 months will enable the Council to establish a procurement process to enable firms to bid for such work on or about the anniversary of the purchase of the shopping centres.

- 1.4 Arrangements have been made for the Council's responsibilities as landlord to be subject to the usual public liability insurance policy.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 To not purchase the property. This has been discounted as there has no change in circumstances between the decision by Committee and the proposed completion date.

3.0 BACKGROUND INFORMATION

- 3.1 The Pyramids/Grange Shopping centre is the primary retail core of Birkenhead. It has been in a state of decline since 2017 with the growth of online retailing and more recently the Covid pandemic. Approximately one-third of the centre (by income) is vacant. The Council's actions in respect of seeking to regenerate Birkenhead town centre are aimed at activation of the high street to stimulate new retail, leisure and other commercial uses to encourage investment and spend in the local economy.
- 3.2 Following completion of the 2 new offices, comprising Phase 1 of the Birkenhead Commercial District, and re-location of the market, the Council will seek to re develop the former market site and other Council owed assets which may be compromised without ownership of the Pyramids/Grange. For example, the service yard to the Grange shops creates a barrier to redevelopment of the former market site..
- 3.3 The centre operates 2 multi storey car parks providing 1,180 car park spaces. Conway Street car park is under used with Mars having allowed only one floor to be accessed by those wishing to park. As the Council will be occupying Block A of the Birkenhead Commercial District Phase 1 office in Spring 2024, better controlling the use of these car parks, will support Council staff and member parking. Parking will add value to the new office buildings with a view to securing additional public and private sector occupiers to increase revenue for the Council
- 3.4 Further background information was set out in the corresponding section of the exempt report to Policy and Resources Committee of 27 April 2023. As of 3 May 2023, the parties to the proposed transaction were in a position to proceed with the purchase of the property by the Council

4.1 FINANCIAL IMPLICATIONS

- 4.1 The financial implications, including the proposed purchase price were set out in the corresponding section of the exempt report to Policy and Resources Committee of 27 April 2023. The funding was, in the short term funded from reserves, but it is intended that Public Works Loans Board funding will be utilised in due course.

- 4.2 The appointment of Jones Lang LaSalle Property Limited (JLL) to fulfil day to day property management functions for a 12-month period is at a contract cost of £305,000 The appointment of Jones Lang LaSalle Property Limited (JLL) to fulfil day to day asset management functions for a 12-month period is at a contract cost of £160,000 plus VAT The appointment of Barker Proudlove Limited and Emanuel Oliver Ltd to carry out letting agency functions is in each case of an estimated cost of £75,000 plus VAT
- 4.3 Bevan Brittan LLP solicitors carried out the commercial property aspects of the transaction and their costs are still accruing in terms of post completion matters. Legal costs are still on going in respect of post completion matters and are likely to be in the region of £100,000 plus VAT

5.1 LEGAL IMPLICATIONS

- 5.1 The Council has the power to acquire the land under section 120 of the Local Government Act 1972 and thus to enter into the purchase of the shopping centres.
- 5.2 4 people were employed by JLL to manage the shopping centres. There are therefore no TUPE implications at this time as JLL were retained as property managers. If JLL are not retained in the future TUPE may apply although in such case the personnel should transfer to the incoming managing agents unless the Council chooses to bring management in-house.
- 5.3 The majority of tenants have leases that are protected under the Landlord and Tenant Act 1954. Such tenants can seek a new tenancy at the end of the current term. The Council as landlord can seek to terminate a tenancy by serving a notice within 6 to 12 months before the date on which it intends for the tenancy to come to an end on the basis of various grounds one of which is an intention to demolish or re construct. Any disputes in this regard may be determined by the courts
- 5.4 The appointment of
- (a) Jones Lang LaSalle Property Limited (JLL) to fulfil day to day property and asset management functions at a contract price of £305,000 for property work and £160k for the asset work; and
 - (b) Barker Proudlove Limited and Emanuel Oliver Ltd to carry out letting agency functions;
- has been done with the usual requirement for tendering process being waived.
- 5.5 In the case of Jones Lang LaSalle Property Limited the property management works have been awarded pursuant to the CCS Framework Lot One RM 6168 by way of a direct appointment.
- 5.6 In the case of Jones Lang LaSalle Property Limited, in respect of the assets contract, given that the value of the contract is in excess of £100,000 this has been done with

the agreement of the Head of Commercial Procurement and the Director of Law and Governance in accordance with paragraph 12.2 of the Council's Contract Procedure Rules.

- 5.7 A waiver in respect of Barker Proudlove Limited and Emanuel Oliver Ltd has been approved by the Head of Procurement given that the value in each case is below £100,000.
- 5.8 A significant number of service contracts have also been assigned as part of the purchase process
- 5.9 Further legal implications are set out in the corresponding section of the exempt report to Policy and Resources Committee of 27 April 2023. Further legal due diligence and input to inform the purchase of the Property including title investigation was completed as of 3 May 2023.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There are no significant impacts in terms of staffing, ICT or assets arising directly from this report. Officers will co-ordinate and manage the commissioning of the valuation and the development of the funding options. There are considered to be no TUPE implications at the point of acquisition of the property by the Council. It is possible that there will be TUPE implications arising from staff employed by JLL in the event that the services provided by JLL are taken on by a third-party contractor of or brought in house by the Council

7.0 RELEVANT RISKS

- 7.1 Property Management: The Councils Asset Team is not currently in a position to proactively manage the two centres and ensure continuity of rent collection, service charge management and general property management.

Mitigation: Ensure continuity through the appointment of the incumbent Managing Agents JLL for a minimum of a 6-month period

- 7.2 Asset Management: This function was performed by AEW as agents for Mars. This instruction terminated when the Council acquired the centres. There are a number of asset management actions that require continuity and as above the Councils Asset Team is not currently in a position to step into asset management activity in respect of the shopping centres.

Mitigation: JLL to provide asset management services in addition to property management to ensure continuity for a minimum of a 6-month period.

- 7.3 Structure and Repairs: The centre is ageing, and proactive and reactive repairs will be necessary. The cost of repairs will in part be met through service charge, but some costs will be borne by the Council as landlord. Critical failure of mechanical and electrical systems and structural failure may be future issues and costs may be unrecoverable from all tenants.

Mitigation: Surveys have been prepared by Mars and reviewed by the Councils advisors and immediate works are known and limited in scope. Proactive maintenance of the centres and regular inspection to identify potential future non recoverable expenditure will form a critical part of the Councils asset management strategy.

- 7.4 Sustainability: In light of the changes to EPC legislation moving towards 2030 and given the age of the properties there is a risk of the need for further expenditure to meet legislative changes.

Mitigation: EPC assessments have been undertaken across the two centres in recent months and improvements to meet future EPC ratings have been assessed. Provision will be made by the Council to ensure it meets the requirements of current and future EPC requirements as landlord.

- 7.5 Declining income: Micro and macro-economic conditions may deteriorate leading to additional tenants vacating units or entering into liquidation. This may reduce net income to a deficit level. Mitigation: Proactive asset management to stabilise and grow income in the short and medium term.
- 7.6 Further risk implications are set out in the corresponding section of the exempt report to Policy and Resources Committee of 27 April 2023.

8.1 ENGAGEMENT/CONSULTATION

- 8.1 The proposals to revitalise and regenerate Birkenhead Town Centre are addressed through the Birkenhead Regeneration Framework which was the subject of public consultation and engagement. The updating of the Town Centre masterplan will also include involvement from residents, businesses and other key stakeholders and this will provide the framework within which this proposed acquisition is considered and brought forward

9.1 EQUALITY IMPLICATIONS

- 9.1 The Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.
- 9.2 Whilst there are no direct equality implications arising from this report, the associated actions arising from the delivery will need to assess any equality issues and mitigate any negative impact that may emerge.

10.0 ENVIRONMENT AND CLIMATE IMPLICATION

- 10.1 Any proposals resulting from this report would be progressed in line with the Council's Climate Change Strategy and would contribute to the aim of Birkenhead becoming a net zero climate resilient town

11. COMMUNITY WEALTH BUILDING

11.1 The aim of this proposal is to secure the best possible outcome for the future of Birkenhead Town Centre and the community. This represents a vital step in the delivery of a sustainable regeneration of Birkenhead Town Centre for the benefit of the wider community.

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APPENDICES

Appendix 1 Site plan

BACKGROUND PAPERS

Wirral Plan 2021 – 26

Birkenhead 2040 Framework

[Birkenhead 2040 Framework | www.wirral.gov.uk](http://www.wirral.gov.uk)

[Wirral Local Plan](#)

Report to Policy and Resources Committee of 27 April 2023 (and appendices) titled Proposal to Consider the Purchase of a Strategic Acquisition. That report is exempt information as defined in Schedule 12A of the Local Government Act 1972. It is in the public interest to exclude the press and public under Paragraph 3 'Information relating to the financial or business affairs of any particular person' (including the authority holding the information).

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Economy Regeneration and Housing Committee – Strategic Town Centre Acquisition	October 2022 and March 2023
Policy and Resources Committee (exempt)	April 2023