

**POLICY AND RESOURCES COMMITTEE****4 OCTOBER 2023**

<b>REPORT TITLE:</b>	<b>BIRKENHEAD COMMERCIAL DISTRICT AND CHESHIRE LINES</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF REGENERATION AND PLACE</b>

**REPORT SUMMARY**

The Birkenhead Commercial District (“BCD”) programme has reached a major milestone in that the phase 1 - CAT A (construction of the building shell) capital programme has completed, and the Council has accepted handover of the two new office buildings in central Birkenhead on 1<sup>st</sup> September 2023. The programme requires working at pace to ensure a transition from the premises which the Council currently occupies at Cheshire Lines Building over to the new buildings. The Council will be taking occupation of what is known as Building A (Mallory building) with Building A (Irvine building) being marketed for letting. This report provides recommendations to enable delivery of the phase 2 - CAT B works (internal fit out) and exiting of the Council current main office at Cheshire Lines Building. The report also sets out options for the future location of the Records and Archives Service and the data centre.

The creation of the BCD will support the Council in delivering in line with all Wirral Plan themes:

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

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

**EXEMPT INFORMATION**

Appendix 1 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 under Paragraph 3 'Information relating to the financial or business affairs of any particular person (including the authority holding the information).

**RECOMMENDATIONS**

The Policy and Resources Committee is recommended to:

- (1) Note that the projected maximum capital costs for the full programme of works in relation to the Birkenhead Commercial District and for the potential relocation of the Archives, Records Management, and other services within the Cheshire Lines building as summarised In Table 1 within the exempt Appendix 1 to this report.
- (2) Authorise the Director of Regeneration and Place to awarding and agree a Joint Contracts Tribunal (JCT) contract and execution of:
  - a. Associated CAT B (fit out) capital works for building A1 and A2 within Birkenhead Commercial District with Overbury PLC at an indicative value as set out in Table 1 to the exempt Appendix 1 of this report with a works period of on or about 16 weeks commencing on or about 4<sup>th</sup> November 2023;
  - b. Delivery of any further necessary IT Infrastructure or other works within the same contract subject to any required approvals under the Council's Contract Procedure Rules;
- 3) Authorise the Director of Regeneration and Place in consultation with Director of Finance and Director of Law and Governance to:
  - a. Negotiate and enter a lease of the basement space at Cheshire Lines building for the Archive & Record Management Service and Council Data Centre with the parameters set out at paragraph 3.2 of the exempt Appendix 1 to this report;
  - b. In the event that the lease of the basement space at Cheshire Lines building does not progress, approve immediate implementation of a secondary serviced option to decant the Archives and records service to a verified external storage company;
- 4) Authorise the Director of Regeneration and Place to negotiate and enter into subleases for space at the Birkenhead Commercial District sites.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 The recommendations allow the Council to proceed with the programme of works within the required timescales to ensure the programme remains on track and the major risk of delay is mitigated.
- 1.2 Given timing sensitivities in relation to the Archives and Records Management service options, Committee is asked to authorise the Director of Regeneration and Place to pursue both options (a) & (b) to progress with the programme to enable negotiation to remain in the Cheshire Building.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 There are no reasonable alternatives to the enter into the JCT fit out contract. The alternative to delegating authority to the Director of Regeneration and Place to enter into sub leases would for authority to be sought from members. This would cause considerable delays in the process which could harm the ability of the Council to quickly let the vacant space.
- 2.2 Other alternative options are set out in the exempt Appendix 1 to the report.

### **3.0 BACKGROUND INFORMATION**

#### JCT Contract

- 3.1 A competitive procurement exercise was undertaken via the PAGABO framework for the phase 2 fit out works for which Overbury PLC were the preferred provider under a pre-construction services agreement. Fit out works include internal walls and partitions, fit out of all floor areas to be occupied, including creating of meeting rooms, up to 1,000 workstations, storage and welfare facilities, acoustic management, internal plumbing and electrical installation, installation of all ICT network including a CCTV provision, flooring, heating and air conditioning and fire-fighting systems. Phase 2 also includes the completion of design work to RIBA stage 4 and a maximum price for the agreed specification of works.

#### Archives and Records Management

- 3.2 The Archives service is accredited by the National Archive Service. The Council has a statutory requirement in relation to records management and retention set out in the Council's Record Retention Policy. The service is currently located in the Cheshire Lines Building and has storage in other Council buildings: Wallasey Town Hall Basement; Birkenhead Town Hall; and Kelvin Court in Wallasey.
- 3.3 A service review is currently underway with these two service areas and the Council's Museums service in scope. In doing this review, the Council will work with partners including the National Archive Service, National Museums Liverpool, and service users. It is important that the future requirements of the services drive any future asset considerations.
- 3.4 The Council has two options to support continuity of the Archives and Records Management Service, these include;

- a) The Council is in negotiations with the landlord (Merseyside Estates) of Cheshire Lines Building to take a lease of the existing space within the basement space allocated to the archives and records service.
- b) The Council has identified an alternative option as set out in paragraph 3.3 of the exempt appendix 1 to this report.

3.5 Both options would enable the Council to undertake a comprehensive record and archives service review that meets longer term ambitions of the Council.

#### Commercials & Marketing

3.6 CBRE were appointed as commercial letting agents in March 2023 for the vacant space in both buildings including the ground floor retail/leisure space. CBRE have been undertaking soft marketing since their appointment and assisting Council officers with the preparation of branding and marketing material to promote the offices and retail space in a national context. The Council recently took occupation of the building from Morgan Sindall on 4<sup>th</sup> September 2023. The formal launch of marketing is scheduled late September 2023 with a formal handover event involving the Council Leader & Mayor.

3.7 CBRE have undertaken a market analysis and advised that the buildings are excellent quality, compared with the floor plate offer in the northwest Grade A office currently has very little competition in the market place.

3.8 Further background information is set out in the exempt Appendix 1 to the report.

### **4.0 FINANCIAL IMPLICATIONS**

4.1 See section 4 of the exempt Appendix 1 to this report.

### **5.0 LEGAL IMPLICATIONS**

5.1 The lease with Canada Life of the 2 offices is not transferable albeit the Council has scope to sub-let space within the 2 offices. All the commitments that are undertaken in the lease by the Council will remain the responsibility of the Council.

5.2 One particular matter to note is the obligation to repair, rebuild and replace the building in the event of damage or destruction. Even if a disrepair is not the fault of the Council, the Council must still put it right at its own cost.

5.3 At the end of the lease term, the Council will have the ability to own the freehold of the 2 office buildings again for no cost and will no longer be liable to pay any rent.

5.4 The Council's lease of Cheshire Lines ceases at the end of 7th April 2024 this being the last day of a 20-year lease unless it chooses to hold over on the lease. The landlord has been notified of the Council's intention to vacate the premises and not seek a new lease save in respect of a smaller demise in respect of the archives and data centre.

5.5 There is an obligation to pay the landlord of Cheshire Lines a sum of compensation in respect to dilapidations. This is an obligation under the terms of the lease. This is currently being negotiated under the Director of Regeneration and Place. The cost of this is built into the cost plan at table 2 as set out in the exempt Appendix 1.

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 The programme is led and managed by existing staff from within the Council's Regeneration and Place Directorate and Neighbourhoods Services Directorate, supported by the Programme Management Office.

6.2 The Council has established working groups to support the Birkenhead Commercial District Programme delivery including a range of external stakeholders to ensure that any project dependencies or resourcing issues are addressed at the earliest opportunity. Various project teams are also set up to support the delivery of the projects in the Programme lifecycle and there is commonality across the teams in terms of key Council staff coordinating this combined package of works.

6.3 The Council has a resource plan in place to support delivery of the programme.

## **7.0 RELEVANT RISKS**

7.1 A full programme risk register is maintained to support this programme and is the responsibility of the Programme Manager to regularly review and update new and existing risks. Exceptions reports will be produced to the Senior Responsible Officer if there is any immediate risk to the for the programme. Summary of the key risks are highlighted below.

7.2 Not agreeing the capital budget allocation - will result in the Council not being able to deliver the capital scheme, which will have the following implications; the fit out of Mallory Building cannot be completed; staff, furniture and IT equipment will need to remain in Cheshire Lines Building; Birkenhead Regen framework impact; the Council's ability to commercially let out floorspace in order to yield rental income to offset costs; reputational risk; risk to the Councils new ways of working and hybrid working policy.

7.3 Service continuity – the Council's HR team are supporting services with continuity planning to minimise the risk to organisational continuity with the support of the Audit and Risk Team.

7.5 Significant amounts of Procurement activity prior to occupation. This is being managed with the Programme Team and Procurement Team with reviews being held on a weekly basis.

7.6 Rent will be payable whether premises can be occupied or not. The only mitigation for rent will be if the Council chooses to sublet parts of the building to generate a rental income. However, if the sub-tenant fails to pay its rent for any reason the Council will still be liable for the full rent to the landlord of the building.

7.7 Further risks are set out in the exempt Appendix 1 to this report.

## **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 A full engagement plan has been developed to support this programme.
- 8.2 Early engagement with services, the workforce, staff groups and trade union colleagues regarding the design has resulted in workspaces being inclusive and flexible so it meets the needs for effective service delivery and our workforce.

## **9.0 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 An EIA was completed in 2018 of which the Council is in the process of updating this document in advance of taking occupation of the site.  
<https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments>
- 9.3 Within the CAT B fit out, the EIA has been reviewed and updated.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

- 10.1 The content and recommendations contained within this report are expected to support with climate considerations, such as reusing existing furniture where appropriate within the Council's Social Value strategy.
- 10.2 The new building is built to BREAAAM (Building Research Establishment Environmental Assessment Method) Excellent standards.
- 10.3 CAT B contractor Overbury to utilise a Carbon Calculator (CarboniCa) on site, which analyses the materials and products that go into the project to produce an accurate picture of the carbon impact of the whole fit out. This will support in Wirral Net Zero by 2030 target.
- 10.4 Overbury will complete a Waste Minimisation Plan with their subcontractors to support with the environmental impacts throughout the fit-out programme of works.
- 10.5 The Council is aligning internal practices to the Council's sustainable travel strategies and plans supporting the Council's reduction to net zero carbon emissions and climate emergency declaration.
- 10.6 The Council is re-using existing furniture in line with the Council's furniture disposal policy supporting sustainability.

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

- 11.1 The Council wants to attract employers to lease space within vacant areas and job creation is anticipated as an output.

- 11.2 Relocating staff to an area close to the Grange and the Pyramids shopping centre will result in staff making better use of the retail offer within the shopping centre.
- 11.3 The Council has worked with its supply chain contractors to ensure they provide social value back to local people.
- 11.4 The new office space will provide a better-quality work environment for staff to enable development and improve welfare within the workplace.

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**APPENDICES**

Appendix 1 – Birkenhead Commercial District and Cheshire Lines- Confidential additional information

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**BACKGROUND PAPERS**

- People Strategy;
- Assets strategy;
- Birkenhead strategy 2040;
- Full business case;
- Engagement plan;
- Resource plan;
- Programme risk register;
- CBRE Marking analysis;
- Records management retention Policy;
- Marketing brochure
- Furniture Retention and Disposal Policy

**TERMS OF REFERENCE**

To provide strategic direction to the operation of the Council, including making decisions on policies and co-ordinating spend not reserved to full Council.

**SUBJECT HISTORY (last 3 years)**

Council Meeting	Date
<b>BIRKENHEAD COMMERCIAL DISTRICT CABINET</b> <a href="http://democracy.wirral.gov.uk/documents/s50054366/Birkenhead%20Commercial%20District%20Report.pdf">http://democracy.wirral.gov.uk/documents/s50054366/Birkenhead%20Commercial%20District%20Report.pdf</a>	<b>26/11/2018</b>

<p><b>WIRRAL GROWTH COMPANY CABINET</b>  Agreement of First WGC Partnership Business Plan including the BCD scheme  <a href="https://democracy.wirral.gov.uk/ieListDocuments.aspx?CId=121&amp;MIId=7943&amp;Ver=4">https://democracy.wirral.gov.uk/ieListDocuments.aspx?CId=121&amp;MIId=7943&amp;Ver=4</a></p>	<p><b>24/02/2020</b></p>
<p><b>LEASE FOR NEW OFFICES IN BIRKENHEAD COMMERCIAL DISTRICT CABINET</b>  <a href="https://democracy.wirral.gov.uk/documents/s50068873/Birkenhead%20BCD%20Lease%20Report%20finalmn.pdf">https://democracy.wirral.gov.uk/documents/s50068873/Birkenhead%20BCD%20Lease%20Report%20finalmn.pdf</a></p>	<p><b>27/07/2020</b></p>
<p><b>Capital Programme Including monies approved for BCD Office Fit Out 2021/22</b>  <a href="https://democracy.wirral.gov.uk/documents/g8445/Public%20reports%20pack%2017th-Feb-2021%2018.00%20Policy%20and%20Resources%20Committee.pdf?T=10">https://democracy.wirral.gov.uk/documents/g8445/Public%20reports%20pack%2017th-Feb-2021%2018.00%20Policy%20and%20Resources%20Committee.pdf?T=10</a></p>	<p><b>17/02/2021</b></p>
<p><b>CAPITAL MONITORING QUARTER 1 2023/24 P&amp;R COMMITTEE</b>  Increase to BCD Office Fit Out budget  <a href="https://democracy.wirral.gov.uk/documents/g10191/Public%20reports%20pack%2012th-Jul-2023%2018.00%20Policy%20and%20Resources%20Committee.pdf?T=10">https://democracy.wirral.gov.uk/documents/g10191/Public%20reports%20pack%2012th-Jul-2023%2018.00%20Policy%20and%20Resources%20Committee.pdf?T=10</a></p>	<p><b>12/07/2023</b></p>