



POLICY AND RESOURCES COMMITTEE

Wednesday, 20 March 2024

REPORT TITLE:	BCD UPDATE
REPORT OF:	DIRECTOR OF REGENERATION & PLACE

REPORT SUMMARY

The Birkenhead Commercial District (“BCD”) programme is reaching a major milestone in that the phase 2 – CAT B (fit out) capital programme will be completing for official handover between our appointed contractor and Wirral Borough Council on Friday 22nd March 2024. The Council will be taking full occupation across 3.5 floors with phased occupation dates from Monday 8th April 2024 at Building A (2 Alice Ker Square - Mallory). The Council will partially exit Cheshire Lines Building and retain a lease of the basement to support archive storage, Police and Criminal Evidence (“PACE”) room and data centre.

The Council is working with our agency partner to market the remaining vacant spaces in both new buildings. The outcome of the pandemic has resulted in changes for a lot of organisations looking for new office accommodation, resulting in smaller and more flexible space requirements.

This paper provides an update on the BCD programme, including appendix 1 providing updates on revenue and capital costs, along with tenant demand and concept for fit out on Building B (Irvine building).

The accompanying appendix 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).

RECOMMENDATION/S

The Policy and Resources Committee is requested to:

- (1) Note the update as set out in this report; and
- (2) Endorse the intended approach to fit out of Building B as referred to in Appendix 1.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Policy & Resources Committee in October 2023 requested that a further information update was brought to a future committee meeting.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 In relation to fit out of Building B, the Council considered an alternative approach by giving the tenant a rent-free period as a contribution to the cost of the fit out in Building B. However, the level of demand within the office market is suggesting that landlord undertaking subdivision of the floor plates will attract additional interest.

3.0 BACKGROUND INFORMATION

Programme update

- 3.1 Practical completion and formal handover of Building A is expected on Friday 22nd March 2024.
- 3.2 Deadline for Wirral Council to partially vacate Cheshire Lines Building is Friday 5th April 2024; except for the lower ground floor, for which an extension of lease has been agreed to 2027, in line with end of lease agreement on the Sunday 7th April 2024. Phased occupation into Building A commences from Monday 8th April 2024, and thereafter in sequence for our various directorates, onto the floors they will occupy. Staff will start to occupy the building from 22nd March, and it is anticipated all staff will be relocated and operational by the end of April 2024.
- 3.3 The appointed furniture and move contractor were appointed through the YPO Framework. The contractor is providing:
- New office furniture;
 - The decant and recant of the reused legacy furniture;
 - Relocating IT hardware from Cheshire Lines Building;
 - Securely moving of all confidential documents to Mallory Building.
- 3.4 The contractor has supported the Council in identifying Pennine Health NHS Trust to reuse obsolete furniture left at Cheshire Lines Building before the lease end date. This will avoid disposal costs of circa £15k and ensure the Council is more sustainable in its approach and aligned to the furniture disposal policy. Dates have been agreed with relevant contractors for early access into Mallory Building to support this programme of works.
- 3.4 Snagging of the CAT B fit out work is progressive with each floor being released in turn for inspection by the monitoring team and Wirral Council.
- 3.5 A schedule of all handover information including certificates, building control, life safety, and health and safety documentation is being prepared for review with CAT B fit out contractor and this will be the focus of future meetings and reports until occupation.

- 3.6 An update on Mallory and Irvine occupier interest and Irvine sub-division is detailed in Appendix 1. 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 person (including the authority holding the information).

4.0 FINANCIAL IMPLICATIONS

- 4.1 Financial implications are detailed in Appendix 1. 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 person (including the authority holding the information).

5.0 LEGAL IMPLICATIONS

- 5.1 The programme does anticipate a hiatus between practical completion on 22nd March for Building A. However, if there were no hiatus between the practical completion of the works on the Building A and the start of works on the Building B, then it may be possible to add the fitting out works for the new building to the existing contract as a variation subject to agreement with the contractor, subject to them being able to carry out the works within the timescales required and at a price within the Council's budget. This could be an inducement to a potential tenant to take up occupation of the building under a lease from the Council at a market rent. The potential tenant would have to inform the Council of its requirements. If there is a significant interval between current contractual completion of the works on Building A and the start of works on Building B, then the default position would be to go out to tender on a 1 or 2 stage process the latter being a preconstruction services agreement which leads to a main construction contract. Furthermore, if there is likely to be a hiatus we can refer to the decision made in the previous P&R paper in October 2023 whereby the Director of Regeneration was given the delegated authority to procure the fit out works, either by means of a direct award, under a framework agreement or by some other competitive process after consultation with the head of Procurement and Directors of Law and Finance.

- 5.2 An alternative approach would be to offer a potential tenant a rent-free period during which it could procure for itself its fitting out works. The tenant would then bear the risk of any overspend and be responsible for the design and construction of the works without the Council being the intermediary. For the Council this approach would pose much less risk in terms of potential liability to the tenant for alleged negligent design and/or construction. It would also eliminate the administrative costs of procuring and managing the fitting out contract.

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. The Council will also update the Assets Register with any new furniture.

7.0 RELEVANT RISKS

- 7.1 A BCD 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 are to be produced for the Senior Responsible Officer if there are any immediate risks to the programme. Summary of the key risks are highlighted below.

- 7.2 Delay to the programme – The Council have accounted for some flexibility in the programme for minor delays and are creating a plan to support with mitigation of potential larger delays to ensure we can exit Cheshire Lines Building by 7th April 2024. Meetings will be held regularly with our contractors to ensure minimal programme slippage.

- 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.

- 7.4 Rent will be payable whether premises can be occupied or not. The only mitigation for rent will be for the Council 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.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 A full engagement plan has been developed to support this programme.
- 8.2 Early engagement within the Councils services, our workforce, our staff groups and our 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.
- 8.3 Engagement with potential tenants coordinated through our letting agent as outlined in Appendix 1.

9.0 EQUALITY IMPLICATIONS

- 9.1 Wirral 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 In line with the Councils Equality and Diversity Policies, Wirral Council will be including facilities within Mallory Building to support staff who are disabled, such as accessible toilets and shower facilities, accessibility push pads for access doors, accessible space within tea points, increase in rise and fall desks, specialist chairs and footrests, keyboards and mice as a standard set up for each desk for colleagues that have issues carrying equipment in and out of the building.
- 9.3 An accessibility audit took place that produced a list of recommendations, which budget permitting the Council will look to include.
- 9.4 Wirral Council has also incorporated male and female prayer rooms within Mallory Building as well as a nursing room which can be utilised for staff.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 Wirral Council has declared a climate emergency and therefore has a responsibility to deliver against its Climate Strategy and the objectives that lie within. Environmental sustainability has been core to the programme of work through the CAT A build of the shell and core of Building A and Building B and through the CAT B office fit out phase.
- 10.2 The buildings are designed and built to Building Research Establishment Environmental Assessment Method (BREEAM) 'excellent' standard. Launched in 1990, by the Building Research Establishment (BRE) sets standards for the environmental performance of buildings through the design, specification, construction, and operation phases and can be applied to new developments or refurbishment schemes.
- 10.3 Wirral Council has also pledged to re-use existing furniture located across its asset portfolio. All workstations, chairs, lockers, and meeting room chairs in Building A will be re-located from existing Council buildings. This greatly reduced the carbon footprint associated with the fit out of the new build. In addition, Wirral Council, through connections made with the move contractor, have agreed to provide the NHS with a large volume of furniture for use across their assets, rather than send to landfill. This is an example of Wirral Council's commitment to partnership working and the climate emergency.
- 10.4 Building A is located within central Birkenhead and is easily accessible by both bus and train, which helps to promote the staff use of public transport, this helps to reduce the volume of vehicle emissions, as Wirral Council strives to improve localised air quality in and around its towns. There is also ample bicycle storage and shower facilities on site, to promote staff undertaking active travel initiatives promoted by Wirral Council.
- 10.5 As the Council looks to build on strong foundations, the staff parking provision at the Grange and the Pyramids will look to develop an electric vehicle charging offer, by sourcing appropriate funding and building strong network and infrastructure delivery partnerships.

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 and attracting investment to the area.
- 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 therefore increasing footfall and spend.
- 11.3 The Council has worked with its supply chain contractors to ensure they provide social value back to local people as well as working with Wirral Met College apprentices to work onsite as part of their portfolio developments.
- 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 - Mallory and Irvine occupier interest update, Irvine sub-division and Financial Implications (EXEMPT)

BACKGROUND PAPERS

- People Strategy;
- Assets strategy;
- Birkenhead strategy 2040;
- Full business case;
- Engagement plan;
- Resource plan;
- Programme risk register;
- Marking analysis;
- Records management retention 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
Capital Programme Including monies approved for BCD Office Fit Out 2021/22 https://democracy.wirral.gov.uk/documents/g8445/Public%20reports%20pack%2017th-Feb-2021%2018.00%20Policy%20and%20Resources%20Committee.pdf?T=10	17/02/2021

<p>CAPITAL MONITORING QUARTER 1 2023/24 P&R COMMITTEE Increase to BCD Office Fit Out budget https://democracy.wirral.gov.uk/documents/g10191/Public%20reports%20pack%2012th-Jul-2023%2018.00%20Policy%20and%20Resources%20Committee.pdf?T=10</p>	<p>12/07/20 23</p>
<p>P&R COMMITTEE BIRKENHEAD COMMERCIAL DISTRICT AND CHESHIRE LINES https://democracy.wirral.gov.uk/documents/g10193/Public%20reports%20pack%2004th-Oct-2023%2018.00%20Policy%20and%20Resources%20Committee.pdf?T=10</p>	<p>04/10/20 23</p>