

ITEM NO: 10

Report to:	Pension Fund Management Panel and Advisory Panel
Date:	3 December 2010
Reporting Officer:	Peter Morris, Executive Director of Pensions
Subject:	PENSION OFFICE ACCOMMODATION
Report Summary:	<p>The Concord Suite is a 1960's building in Droylsden town centre that provides accommodation for the Pension Office's 90 staff. The building is in need of major refurbishment if it is to continue to be able to provide office accommodation in the medium term. The alternative is to find a new base for staff.</p>
Recommendation(s):	<ul style="list-style-type: none">▪ To approve in principle the relocation of the Pensions Office from the Concord Suite, Droylsden to new office accommodation located in Droylsden.▪ That GVA Grimley acting on behalf of GMPVF to undertake the necessary actions culminating in the production of a development financial appraisal for the new build project.▪ That a further report be submitted to the next meeting of the Management Panel containing a development financial appraisal and seeking Management Panel approval to the GMPVF committing to site acquisition and to the new office development project.
Financial Implications: (Authorised by the Borough Treasurer)	<p>The financial implications of the various options will be assessed and included in the follow up report.</p>
Legal Implications: (Authorised by the Solicitor to the Fund)	<p>There are no legal issues at this stage.</p>
Risk Management:	<p>The operational risks with the existing building are increasing in terms of the roof leaking and heating failure. Such an event could result in material disruption and hence the need to evaluate the options going forward.</p>
ACCESS TO INFORMATION:	<p style="text-align: center;">NON CONFIDENTIAL</p> <p>This report does not contain information which warrants its consideration in the absence of the Press or members of the public.</p>
Background Papers:	<p>The Council commissioned a Building Condition report on the Concord Suite and this is the relevant background paper.</p> <p>For further information please contact Peter Morris, Executive Director of Pensions, Greater Manchester Pension Fund, Wellington Road, Ashton-under-Lyne, Tel : 0161 342 3438. email: petermorris@tameside.gov.uk</p>

1. INTRODUCTION AND BACKGROUND

- 1.1. The Pension Fund Management Panel at the meeting held on 10 September 2010 considered a report on accommodation for the Pensions Office. It was recommended that a further report be submitted to the next meeting of the Management Panel, evaluating the feasibility of relocating in Droylsden. (minute 45 refers)

2. CONCORD SUITE BUILDING CONDITION

- 2.1. The Concord Suite building located on Manchester Road, Droylsden is owned by Tameside Council and the major part of the office accommodation within the building is occupied by the Pensions Office. This space is leased from the Council and the area occupied by the Fund is approximately 10,000 square feet.

The Council provides the facilities management for the building. It has recently had a "Building Condition" survey undertaken by Watts Group plc. A summary of the main findings is detailed below.

2.3 *Building Fabric*

- (i) Roofs will require renewal within 5 years.
- (ii) Cracking evident to structural frame. Various other cracking is present throughout the property. Further investigations are required to determine extent of damage and repairs required.
- (iii) First floor areas are largely disused and will require extensive refurbishment of the areas to be put into use.
- (iv) Property generally requires a programme of maintenance, repair and refurbishment.

2.4 *Building Services*

- (i) The gas fired boilers are considered to be approaching the end of their useful life. The performance of the heating system is considered to be poor, with poor efficiency. Control systems are also poor and inefficient. The heating system would benefit from improvement of the controls and separation of the heating system between the different use areas.
- (ii) Lighting to many areas is aged and inefficient and would benefit from replacement or upgrading, including upgrading of controls to allow improved efficiency.
- (iii) Ventilation plant requires a detailed appraisal pending any proposed refurbishment and ongoing use of the building.

3. SUITABILITY OF THE CONCORDE SUITE FOR LONG TERM OFFICE USE

- 3.1. The Council considers the Concord Suite is nearly at the end of its effective life and whilst the building could be refurbished and its expected life extended this would not represent value for money.
- 3.2. If the Pensions Office was to relocate from the Concorde Suite then the Council would give consideration to its future use.

4. RELOCATION OF THE PENSION OFFICE STAFF WITHIN DROYLSDEN

- 4.1 There are currently no existing office buildings in Droylsden which are of an appropriate size and which offer easy access to both staff and visitors travelling by car or public transport.

5. NEW BUILD OFFICE ACCOMMODATION FOR PENSIONS OFFICE IN DROYLSDEN

- 5.1. Several potential development sites have been identified in Droylsden on the opposite side of Manchester Road to the Concord Suite. Each of the sites identified are capable of accommodating a new office building of the size envisaged.
- 5.2. The views of the External Manager of GMPVF GVA Grimley are being sought regarding the demand from third parties to lease any surplus office space in the new building at a viable rent.
- 5.3. A view will also be taken on whether the LGPS Administering Authority role will change as a consequence of the Pension Commission (e.g. the possibility of Scheme mergers).
- 5.4. To progress the development of a new office building via GMPVF, the following actions would be required:
- GVA Grimley to ascertain terms for acquisition of each of the several sites identified;
 - Assess the office space requirement
 - the current requirement for space for the Pensions Office is estimated at 10,000 – 12,000 sq feet to include office space, reception area, meeting/interview rooms, staff restroom etc;
 - the case for providing additional office and/or retail space for lease still needs to be considered by either the Fund or other parties;
 - Consideration also needs to be given to potential compatible users of any other parts of the new building e.g. ground floor could accommodate retail units or a public library which would be leased on commercial terms to assist with the financial viability of the project;
 - The availability of grant support for elements of the project will be assessed.
- 5.5 If this option is progressed, GMPVF would engage a project manager and team of building design consultants to undertake a detailed development feasibility exercise and at that stage GVA Grimley will be in position to produce a detailed development financial appraisal for the project.
- 5.6 An alternative approach would be for the Fund to rent space from another development.

6. INVESTMENT OPPORTUNITY

- 6.1 GMPVF developing a new building in Droylsden of approximately 20,000 sq ft primarily for occupation by the Fund with the possibility of incorporating an income generating ground floor use would be consistent with the current GMPVF operational guidelines. The effect of developing such a building would be to create a valuable investment for the Fund which if considered appropriate could be sold to the investment market at a future date, or alternatively could be held by the Fund as a long term investment.

7. RECOMMENDATIONS

- 7.1. To approve in principle the relocation of the Pensions Office from the Concord Suite, Droylsden to new office accommodation located in Droylsden.
- 7.2. That GVA Grimley acting on behalf of GMPVF undertake the necessary actions culminating in the production of a development financial appraisal for the new build project.
- 7.3. That a further report be submitted to the next meeting of the Management Panel containing a development financial appraisal and seeking Management Panel approval to the GMPVF committing to site acquisition and to the new office development project.