

OVERVIEW OF OUR PROPOSAL TO REFURBISH ONE BIRDCAGE WALK

Institution of
**MECHANICAL
ENGINEERS**

February 2022

This document is updated regularly.

Our iconic Birdcage Walk building is 122 years old and like many old structures it needs extensive refurbishment and modernisation, estimated to cost around £16m.

Feedback from our initial canvassing of some of our most active members has indicated a strong attachment to Birdcage Walk and a desire to keep it as our headquarters

Doing nothing is not an option as the work is now urgent. We believe the proposal outlined below has the best chance of securing the 2/3 majority we need under our bylaws to move forward.

The building is owned by the Charity and our Real Estate Strategy Group (RESG), headed by Trustee Helena Rivers whose expertise is in the heritage building sector, has looked at options for the building.

It is not immediately obvious, but our HQ comprises broadly two parts: 1 Birdcage Walk (including 1, 3 & 5 Storey's Gate to the rear) and 3 Birdcage Walk (including 8-12 Old Queen Street to the rear). Almost all areas used by members, including the Library, Lecture Theatre, Reception, and the main meeting rooms, lie within 1 Birdcage Walk, which was our original headquarters in London.

The Institution bought 3 Birdcage Walk in 1958, formally joining it to 1 Birdcage Walk in 1960. In recent years 3 Birdcage Walk has been used as offices for staff and tenants but its configuration of small offices is unsuitable to the needs of the Institution. We do not need the space, especially as the increase in flexible working as a result of the pandemic has reduced the amount of staff space we need.

RESG's strong recommendation is to sell a 250-year lease of 3 Birdcage Walk to provide funds to refurbish 1 Birdcage Walk, and hopefully also generate a cash surplus. This proposal has the full backing of our Trustee Board, Finance Board, Audit & Risk Committee and Strategy Committee.

Using space more efficiently will enable us to accommodate all staff space and member areas within 1 Birdcage Walk without any need for 3 Birdcage Walk.

Your feedback has enabled us to refine our proposals to address the building's shortcomings and improve the experience for members. We are achieving your priorities including:

Creating a showcase for mechanical engineering – We want to make members and the public feel welcome. We plan to have a dedicated members' lounge next to the library, an exhibition space in the entrance area and dedicated STEM area in the lower ground floor

Making the building accessible to all – This includes building a ramp for wheelchair users adjacent to the main entrance and a new lift accessing all floors.

Make the building low carbon – We will make it as low carbon as is possible for a heritage building. We will eliminate gas-fired heating and install low carbon services.

Built-in flexibility – We want to future-proof the building as much as possible and allow its use to evolve according to our needs. This includes installing retractable seating in the lecture theatre so we can hold conferences there with exhibition stands. A number of the larger meeting rooms will have dividers to allow flexibility for increased numbers of smaller meetings, and all rooms (except the lecture theatre) will be equipped for hybrid meetings. The lecture theatre is omitted as it is too big to work in a hybrid format (too many people in the room)

FAQs

Why now?

We cannot continue to operate the building without major investment. We experience many leaks each year with the potential to cause more major damage. There is the potential for a crisis to develop where the building would no longer be usable.

As a heritage building it requires significant investment on a regular basis. Despite spending £1.2m of our charitable funds per year on maintenance of the whole building, it is now in need of major refurbishment. We need to move ahead with this refurbishment to stop the building deteriorating.

Why is the building in need of such major repair?

In recent years there was talk of a merger with another engineering institution and so the decision was made not to make major investment in the building until the situation regarding a merger became clear. Our strategy committee has ruled out a merger and recommended a further review of the position after 5 years.

Wouldn't it be in the Charity's best financial interest to sell the whole building?

Selling the whole building would require 2/3 majority support. From our canvassing of some of our most active members, we believe there is strong support to retain 1 BCW as our headquarters and we would not achieve the 2/3 majority needed to proceed with this option.

What happens if you don't get a 2/3 majority?

Doing nothing is not an option due to the condition of the building. We would analyse the member views from this voting process and revert with a further proposal, for instance a choice between selling the whole building or raising a mortgage to cover essential repairs. The consultation so far does not suggest that there would be a 2/3 majority for either of these options.

Why should members want this?

The proposed refurbishment makes our building welcoming; it makes it a showcase for mechanical engineering. We are creating an informal members' space to meet and talk with other members. We are creating a digitally enabled building; we are creating flexible spaces. We are addressing our carbon challenge, encouraging active transport and reducing operational energy. The building will be a beacon for mechanical engineering of the future, as well as celebrating our past.

What is the history of our HQ building?

One Birdcage Walk was opened in May 1899 as the Institution's new HQ. In 1909, the Institution bought Storey's Gate Tavern, which along with an earlier purchase of 5 Princes Street meant IMechE HQ could expand eastwards. In 1958, IMechE bought 3 Birdcage Walk and the two buildings were formally joined in 1960.

What are you proposing?

We no longer need 3 Birdcage Walk and 8-12 Old Queen Street which is of an unsuitable original design, therefore we propose to sell a long leasehold on these properties and use the funds to refurbish and modernise 1 Birdcage Walk and 5 Storey's Gate.

Why do anything?

We need to move ahead with this refurbishment to stop the building deteriorating. The facade needs repair and there is the potential danger of stone falling from the façade. We are periodically replacing individual windows before of the risk of them falling out, and this risk will grow. In addition, the internal services such as heating, ventilation, plumbing, and wiring are at the end of life. Our needs for the building have changed and we feel it is the right time to address that.

Staff

What is the current trend for employees' working patterns? Are they working mainly from home and only coming into the office 2-3 days a week?

The number of staff coming into Birdcage Walk to work is rising steadily and averaged 15 a day in September. Numbers peak at around 30 people with most employees coming in Tuesday to Thursday with far fewer on Monday or Friday.

What are the staff's working preferences?

In November 2021, we asked all our staff based at Birdcage Walk and also those working remotely about their preferred way of working in the future. We had 106 responses as follows:

1% - full time in the office

31% - full time working from home

67% - a mix of both

We also asked if staff would prefer to have a central headquarter in London or smaller hubs in regional cities. The response was as follows:

69% - prefer to have a primary headquarter in London

12% - prefer to have regional hubs

19% - no preference

Location

Why keep One Birdcage Walk?

Birdcage Walk is a prestigious location in London supports our global brand. The building engenders a great deal of pride for many members, including our more remote international members.

Why London?

As regards to the fit with mission, vision, and overall strategic objectives of IMechE, then having a presence in Westminster is important as influencing government must be at least part of realising our impact. Recently, there have been 3 occasions where we have been able to work with either an MP, Minister or Lord because we are easily accessible to Parliament.

Equally, the benefit to members may be through providing their expertise in support of deliver of major government programmes and we have some very recent experience here too. A presence in Westminster is by no means the whole answer, but leveraged properly, it can help. Why not elsewhere in the UK?

We believe views about alternative locations in the UK are very split and that we would be unlikely to be able to obtain a 2/3 majority to approve a move. We would also risk losing most of our staff as they are generally London based.

Some institutions have relocated out of London to save cost, but our understanding is that these moves have been viewed by some of their membership as a retrograde step. It is also an action that would be very difficult, if not impossible to reverse. London is a 'crossroads' where it is easy for many people to get to and given the Learned Society nature of institution activities, this is undoubtedly why most are located there and perhaps why those that have relocated have had some regrets.

What about risks associated with alternative options and sub options? It would seem to me moving out of London would present significantly lower risks. Has there been a recent strategic review/forward planning exercise done, of how future member services can be delivered, and from where? Central London? Elsewhere? In short a viable Plan B.

The Real Estate Group spent 18 months looking at the options for the building. In 2020, the Group undertook surveys of some of the most active groups within the Institution which included the Trustee Board, Past Presidents, Council and the Young Members Board. The feedback indicated a strong desire to keep our Birdcage Walk location. Given the major investment needed, this led the Group to focus on the option of granting a long lease of 3 Birdcage Walk to fund the refurbishment of One Birdcage Walk and review how this could be implemented.

Consultation

What consultation of members have you carried out?

In January 2022, we carried out an indicative poll and we had responses from over 10,000 members. The survey showed strong support for this proposal to keep Birdcage Walk as our headquarters. Details of the poll are in a separate box on this page.

In Q3 2020 we undertook a limited consultation involving Council, Young Members Board, Past Presidents and Trustee Board. Overall, there was similar feedback from each group. The survey found 73% in favour of retaining 1 Birdcage Walk and 27% against. Asked if IMechE was to relocate from Birdcage Walk, 54% favoured a headquarters in London versus 46% supporting regional hubs.

These results showed strong support for keeping our HQ at Birdcage Walk, and so we felt that this had the strongest chance of securing the 2/3 membership support we need. It's worth noting that when asked about alternatives to retaining our HQ, the views were very split suggesting that a 2/3 majority for any other option would be very unlikely to be secured.

We recognise the sample was small and represented a particular part of our membership. In this current consultation, we have received many questions about the extent of this earlier consultation. We apologise if members feel misled about the extent of the first consultation we carried out.

Public Impact

When was the last time an MP set foot in HQ and to what effect?

Chris Skidmore MP, who is former Energy and Climate Change Minister, came to Birdcage Walk on 28 October to give the keynote address for our event "Making COP26 matter: Engineering a net-zero future".

One Birdcage Walk

The building isn't currently accessible to me, will that change?

We are planning to build a ramp for wheelchair users which will access the building via a new door to the left of our main entrance. This will ensure wheelchair users enjoy the same experience as other users. We will also build a new lift which will access all floors.

What do you mean by a low-carbon building?

We want to showcase the best in building services engineering within our historic building to achieve improvements in building comfort and savings on our carbon footprint. We will be considering both operational and embodied carbon created by producing building materials. We know from experience of working on similar buildings that we will not be able to achieve net zero within our building. We will however maximise use of low energy systems and will be adopting onsite renewable technology.

What sort of insulation and heat source will you use in the refurbished building?

We are fortunate within the Institution that everything now runs with IT solutions and with those IT solutions we have a lot of additional heat which provides a significant base heat for the building.

The main element of heating for the building is proposed to come from two possible sources. The final design is to be confirmed if, and when, we reach that stage.

The first is Air Source Heat Pumps, moving to 100% electric heating with a new secondary system sized for the lower operating temperatures needed for high efficiency from the heat pumps. We would then purchase electricity on a renewable tariff.

The second source would come from joining the local heat network which already runs very close to the building which is planned to be decarbonised in a similar timescale to our proposed project timeline.

On the fabric all we can do is renew the windows to make them better U-Values and significantly improve the airtightness

Will we lose our new member hub?

No, we will retain all current member space and are looking to create new member facilities. Please let us know what you would like to see in the building.

Will there be member meeting rooms?

In the plans for the refurbished building, members will have the collaboration space adjacent to the library to conduct meetings with other members. Meeting rooms will be available for all to use but this will be via the booking system.

Will there be a refectory?

We are planning to have coffee machines in the new members' lounge but there are no plans for a refectory.

Will the Library be preserved?

Yes, the Library is in 1 Birdcage Walk and will be preserved in the refurbished building.

Ventilation and COVID-19

The proposal includes additional fresh air and air treatment within the new air handling units to make our headquarters an exemplary building for infection control.

Green Building Design

We will make it as low carbon as is possible for a heritage building. We will eliminate gas-fired heating and install low carbon services.

Public Access

We want to make the building a showcase for mechanical engineering, with the public feeling welcome. We plan to have an exhibition space in the entrance area and dedicated STEM area in the lower ground floor

Are there potential financial risks that may stem from external stakeholders with the location and status of the building? Have these been taken into account and is there remaining financial risk in this area?

The risks associated with the building location mainly come from the Royal Parks and their control over the surrounding building facades. We have engaged with them since the start of the project by way of risk mitigation and they have been supportive of our proposals.

There are also some risks in particular with works on the roof and the security requirements of the adjacent buildings.

The building is not currently listed, and we have applied to protect this non-listed status.

Has a detailed survey been conducted on the condition of the existing building (i.e. structural, presence of asbestos)?

Yes, structural, fabric, services & asbestos surveys have been undertaken.

Is Birdcage Walk susceptible to flooding (either from the river Thames, surface flooding or sewer back-up)?

Yes the basement is susceptible to flooding from surface flooding and sewer up. The design proposals address these issues.

Is the basement a suitable place for the safe storage of archives? Are they digitized and stored electronically elsewhere?

Yes, we store a lot of our archives in the basement currently, they are lifted off the ground to protect them. A small percentage of our collections have been digitised. The digital storage is on-site and off-site according to our IT backup procedures.

Are there any risk mitigation strategies?**To what extent have these risks (and consequences) been costed? Have contingencies been budgeted for?**

Yes there are risk mitigation strategies developed for each risk which has been identified. Contingency has been split between each of the identified risks which can not be fully mitigated as the proposed project progresses.

A 50% contingency on a building that old would be my low ball estimate.

Is Birdcage Walk a listed building can or indeed have lottery and or heritage funds been applied for?

Birdcage Walk is not listed and we have not applied for Lottery or Heritage funds.

Three Birdcage Walk**I am certain the RESG could get a better feel of the real estate market by renting or SELLING 3BCW before moving forward with a vote. What would prospective tenant requirements be, and where would the funds come from for that?**

(2) Have any neighbouring properties been refurbished in the recent past? If so do we know of cost over runs?

We are currently leasing most of 3BCW on short term leases. RESG have engaged with property agents to determine the best value for 3BCW who advise that it is most valuable as a residential property therefore a fit out is likely to involve conversion to this use.

Unfortunately, most organisations are not willing to share their project cost overruns.

If I have further questions, how can I get answers?

Please email us at birdcagewalk@imeche.org