

ONE BIRDCAGE WALK PROPERTY REQUIREMENTS REVIEW

Institution of
**MECHANICAL
ENGINEERS**

February 2021

1. OVERVIEW

The Real Estate Strategy Group was established in 2019 to review our property needs. It is led by Helena Rivers, one of our Trustees and who brings extensive knowledge and experience from her work as a consulting director in real estate.

The Group has been on a journey over the last 18 months to understand our requirements, what drives those requirements and analysis of different solutions.

The starting point was to establish why do we need a headquarters? This work was undertaken ahead of the COVID-19 pandemic. The way we have all been working over the last year really emphasises the need to robustly ask ourselves this question.

The key reasons identified were:

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- › A physical home for the charity
 - › A workplace for staff
 - › A meeting place for members
 - › A location which supports influencing Government
 - › A location which engenders pride
 - › A building which showcases engineering best practice
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2. OPTIONS

Based on the above, some very high-level options were considered as below:

Option	Proposal	Impact	Risks	Opportunities
1	Stay in OBW – no change	Major investment needed Old fashioned / non-optimised space for staff and members Refurbishment costs force a reduction in Learned Society activity	Low return on external rents Inefficient working Inability to raise funds	Little interruption Continue existing rentals
2	Keep 1 and move out of 3 Birdcage Walk	All staff and member services moved into 1BCW. Will requires moves and major works	Significant investment still needed to 1BCW Short term loss of rental revenue	Improved staff and member space. Improved efficiency. Reduced operating costs
3	Sell OBW	Move to a new location	Unpopular with members Lose prestige of Institution	Modern, bespoke facility in cheaper location, lower operating costs

3. SOLUTION

Based on the above analysis, the Group undertook surveys of some of the most active groups within the Institution. The feedback indicated a strong desire to keep our Birdcage Walk location. Given the major investment needed, this led the Group to focus on option 2 and review how this could be implemented:

Option	Proposal	Impact	Risks	Opportunities
2A	Sell 3BCW	No future claim on or liability for 3BCW. Major works and disruption	No opportunity to expand our London services. Need a member vote	Cash receipts
2B	Long Term Lease of 3BCW	No access to 3BCW for at least a generation. Major works and disruption	No opportunity to expand our London services. Need a member vote	Cash Injection to fund work on 1BCW No loss of long term ownership
2C	Refurb and lease out ourselves	Invest in refurb and commercially rent 3BCW Major works and disruption	Major investment needed + significant construction and letting risks	Keep control No loss of assets

Option 2B is our preferred choice as it would provide funds for refurbishing 3 BCW while allowing us to keep long-term ownership of 1BCW. The Group has undertaken some space planning work. This demonstrates that with the move to flexible working we have seen as a result of the pandemic; we can accommodate all of our staff workspace within 1BCW with no loss of member space or space which is currently let out by the room hire business.

This work has enabled us to present to you, our membership, this option of upgrading our much- loved headquarters and member areas within 1BCW, protecting it for generations to come.