

# Birmingham City Council

## Report to Cabinet

22 March 2022



---

**Subject:** Sale of freehold of land at Redfern Road, Tyseley, Birmingham, B11 2AB

**Relevant Cabinet Member:** Councillor Ian Ward – Leader of the Council  
Councillor John O'Shea – Street Scene and Parks

**Report of:** Paul Kitson – Strategic Director for Place, Prosperity and Sustainability  
Robert James – Managing Director – City Operations

**Relevant O & S Chairs:** Councillor Saima Suleman, Economy and Skills,  
Councillor Mohammed Aiklaq, Resources

**Report author:** Azmat Mir MRICS  
Head of Valuation and Sales  
Tel No: 0121 303 3298 / 07868719713  
Email Address: [azmat.mir@birmingham.gov.uk](mailto:azmat.mir@birmingham.gov.uk)

Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Tyseley and Hay Mills, Nechells		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 009692/2022		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Exempt information Schedule 12A of the Local Government Act 1972 (as amended) Para 3. Information relating to the financial or business affairs of any particular person (including the council) Exempt Appendix 3 contains sensitive commercial information on the sale price.		

## **1 Executive Summary**

- 1.1 The proposed sale of the subject property is part of the Councils regeneration strategy for Digbeth. Homes England (HE) wish to purchase the Council depot site at Redfern Road shown edged black on the plan at appendix 1 in order to facilitate a relocation of a business from land HE are acquiring in Digbeth at the junction of Montague Street and Belmont Passage as shown edged black on the plan at appendix 2.
- 1.2 On 11<sup>th</sup> February 2020, Cabinet approved a report entitled “Land at Montague Street, Bordesley B9 4BA” that recommended the freehold sale and leaseback of the City Council owned depot site at Montague Street Bordesley.
- 1.3 On 12 October 2021 cabinet approved the full business case to relocate the depots at Montague Street and Redfern Road to Redfern Road Tyseley (Former Atlas Works site) and at the same time declared the existing waste depot site on Redfern Road (edged black on the plan at appendix 1) surplus to the Councils requirements.
- 1.4 The Montague Street site was sold to the adjacent landowner, HE, to facilitate the creation of a much larger development opportunity that will deliver new homes and jobs. By facilitating the relocation, the Council will enable HE to further consolidate its holdings at the former SITA recycling plant and Warwick Bar that forms part of a wider 15.8-acre (6.41ha) development opportunity.
- 1.5 Homes England have now approached the Council to purchase the depot on Redfern Road (edged black on the plan at appendix 1) on a solus basis in order to help relocate a business from land HE are acquiring that is operating from the site at the junction of Montague Street and Belmont Passage as shown edged black on the attached plan at appendix 2.
- 1.6 Homes England propose to do a land swap and sell the land it will acquire from the Council at Redfern Road to McGowan's located at the junction of Montague Street and Belmont Passage. The relocation on to the Council site at Redfern Road will enable McGowan's to consolidate its operations from various sites around the city to make it more efficient and retain employment within the city.

## **2 Recommendations:**

- 2.1 Approves the freehold sale of the land at Redfern Road (edged black and hatched on the plan at appendix 1) to Homes England to facilitate the proposed relocation on Terms set out in the exempt Appendix 3.
- 2.2 Authorises the City Solicitor to negotiate, execute and complete all necessary legal documents to give effect to the sale.

## **3 Background**

- 3.1 On 11<sup>th</sup> February 2020, Cabinet approved a report entitled “Land at Montague Street, Bordesley B9 4BA” to the adjacent landowner HE to facilitate a nationally significant

development that has the potential to deliver a substantial amount of new homes and jobs.

- 3.2 Homes England have now approached the Council to purchase the depot on Redfern Road (edged black on the plan at appendix 1) on a solus basis in order to help a business from land they are acquiring at the junction of Montague Street and Belmont Passage as shown edged black on the attached plan at appendix 2. Acquisition of this land by Homes England will further consolidate its holdings at the former SITA recycling plant and Warwick Bar that forms part of a wider 15.8-acre (6.41ha) development opportunity.
- 3.3 Homes England propose to sell the land it will acquire from the Council at Redfern Road to McGowan's that it needs to relocate and the relocation of this business on to the Council site at Redfern Road will enable it to consolidate its operations from various sites around the city to make it more efficient and retain employment within the city.
- 3.4 The opportunity to relocate McGowan's to the Redfern Road depot site is supported by planning as it will allow its existing site to be incorporated into the wider SITA/Montague St Depot site. The existing use should the business not be relocated, would be incompatible with the nature of development that's proposed for the area through the emerging Our Future City Plan (OFCP) so the proposed early relocation by Homes England will mitigate any future need for a CPO with the delays and expense that process would bring.
- 3.5 Through accepting a solus agreement with Homes England firstly with the Montague Street Depot, and this proposal to do so at Redfern Road, the City Council is proactively supporting and enabling the Digbeth proposals to come forward for delivery, and as an active partner in this process the City Council seeks to work collaboratively with Homes England in the development of a masterplan for the SITA, Montague St Depot and the subject site. The City Council will also seek to proactively work with the owners of the VW and Mercedes Benz showrooms to maximise the potential of this gateway location. This will enable returns for the City in terms of job creation and securing a mix of new homes at sufficient density for the urban setting to include family/affordable housing with the necessary green and social infrastructure to support it.
- 3.6 The Council will continue to operate from the subject site under a lease contracted out of the landlord and tenant act 1954 until such time as the relocation of the depot is completed in approximately 12 months' time at nil rental. Provisions have been agreed in the lease for this term to be extended if required on the same terms.

#### **4 Options Considered and Recommended Proposal**

- 4.1. Option 1 - Do Nothing: Don't proceed with the sale. This would mean that the existing business at the junction of Montague Street and Belmont passage would not be able to relocate at present as they have not been able to secure suitable alternative premises. In addition, if the business remains it is highly likely that working in partnership with Homes England the Council would need to Compulsorily acquire the land in due course.

Homes England have confirmed they are in funds for this acquisition only to the 31 March 2022 after which funds may not be available.

- 4.2 Option 2 – Sell the Council site at Redfern Road on the open market: This would potentially result in a delay to the relocation of the business and potentially deny the wider regeneration opportunity at Warwick Bar. The business is not in a position to purchase on the open market at this time as they would need to consolidate and sell some other sites to raise the funds to bid on the open market. Homes England may not have the funds available to compete for this site in the financial year 2022-2023 and may be put to extra costs and time in land assembly if a compulsory purchase order is to be pursued in due course. Homes England have already conducted an extensive search of sites to relocate this business and a suitable alternative site has not been identified. A delay in a sale to HE will mean that they may no longer be able to do a land swap at an equitable basis with the business to unlock Warwick Bar.
- 4.3 Option 3 – Sell the site to PropCo: The Council could sell the site to PropCo, however, this will not achieve its aim to help HE relocate McGowan's from the Belmont Passage site. In addition, there would be no revenue generated from the site to repay any loan that PropCo would need to pay for the site.
- 4.4 Proceed with the Sale: It is recommended to proceed with the sale on a solus basis as outlined in this report. The sale will enable Homes England to progress its strategy for land assembly and will further consolidate its holdings at the former SITA recycling plant and Warwick Bar that forms part of a wider 15.8-acre (6.41ha) development opportunity leading to a regeneration of this area and providing a further opportunity for quality homes and employment.

## **5. Consultation**

- 5.1 No further consultation is required for the sale of the Council's subject site as it was declared surplus to the Council's requirements by Cabinet on 12 October 2021. The trade unions have been made aware of plans to relocate the depot from the Montague Street site and the Redfern Road site to the former Atlas Works site and recognise the need to move. The Ward Member for Tyseley and Hay Mills has been consulted and supports the proposals.

## **6. Risk Management**

- 6.1 The main risk to this transaction is that the landowner may accept a higher offer from a speculator (an offer has already been made on a subject to planning basis that is being held in abeyance) thereby necessitating a CPO in due course with the associated additional costs.

## **7 Compliance Issues**

- 7.1 **How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

- 7.1.1 The sale complies with Government guidance 'Statutory Guidance on Local Government Investments' published in 2018 as well as all current legislation including the Local Government Act 1972.
- 7.1.2 The proposal is consistent with the Birmingham City Council Plan 2018-2022 (updated in 2019) priorities as the acquisition of new investment properties and disposal of under-performing properties will help the Council meet its aspirations to be a great city to grow up in, live in, work and invest in.
- 7.1.3 It supports the Financial Plan 2019-2023 by generating savings and helping to achieve a balanced revenue budget. The capital receipt generated will help towards the cost of the New Build Depot for the Relocation of Montague Street and Redfern Road Depots (Atlas Works) as per the cabinet report dated 12 October 2021.
- 7.1.4 Sale of the Redfern Road depot supports the Council's Waste Strategy 2017-2040, The depot was declared surplus to the Council's requirements by Cabinet on 12 October 2021.
- 7.1.5 The sale of the Redfern Road depot site to Homes England will enable the delivery of a major regeneration opportunity on the legacy site at Montague Street and land at Belmont Passage which also supports the growth aspirations for the city as set out in the Birmingham Development Plan 2031 by facilitating the development of new homes and jobs. It will also support the city aspirations to be a clean and green city as it will move a non-conforming use outside of the Clean Air Zone (CAZ) improving the environment and reducing pollution.

## **7.2 Legal Implications**

- 7.2.1 Sections 120 - 123 of the Local Government Act 1972 authorises the City Council to hold, appropriate and dispose of land for the purpose of any of its functions or for the benefit, improvement or development of its area.
- 7.2.2 Section 1 of the Localism Act 2011 contains the Council's general power of competence, which is circumscribed only to the extent of any pre-existing restrictions at commencement and any post-commencement restrictions of that power and Section 111 of the Local Government Act 1972 contains the Council's ancillary powers including powers to acquire and dispose of property and financial powers to expend and borrow money required for the discharge of its functions.
- 7.2.3 Exempt information Schedule 12A of the Local Government Act 1972 (as amended) para 3. Information relating to the financial or business affairs of any particular person (including the Council). Exempt Appendices 3 contains commercially sensitive information of a financial or business nature, which if disclosed to the public could be prejudicial to a named person, individual or company.

### **7.3 Financial Implications**

#### **Sale Costs**

7.3.1 The sale cost of the Redfern Road site will be minimal with each side funding its own surveyors and legal costs. The sale price is detailed in Exempt Appendix 3.

The capital receipt generated is ringfenced as a contribution to the funding for the new build depot as per the approved full business case 12 October 2021.

### **7.4 Procurement Implications**

7.4.1 There are no Procurement implications

### **7.5 Human Resources Implications**

7.5.1 The Council's in-house Legal team will complete all legal matters associated with the transaction.

### **7.6 Public Sector Equality Duty**

7.6.1 An initial Equality Impact Assessment has been undertaken for this report Ref No: EQUA847 dated 2.2.22 attached at Appendix 4 which discloses that the recommendations are unlikely to have an adverse impact on the characteristics and groups protected under the Equality Act 2010 and a full Equality Assessment is not required for the purpose of this report.

## **8. Appendices**

8.1 List of Appendices accompanying this report:

Appendix 1 – Redfern Road Depot, Redfern Road, Tyseley, Birmingham, B11 2AB

Appendix 2 – Land at Montague Street and Belmont Passage

Appendix 3 – Heads of Terms for Approval (exempt)

Appendix 4 – Equality Impact Assessment

Appendix 5 – Environmental and Sustainability Assessment

## **9. Background Documents**

- 11<sup>th</sup> February 2020 Cabinet Report: Land at Montague Street, Bordesley, B9 4BA: Disposal
- 12<sup>th</sup> October 2021 Cabinet Report: Full Business case – New Build Depot for the Relocation of Montague Street and Redfern Road Depots (Atlas Works)