

# Birmingham City Council

## Report to Cabinet



28th June 2022

**Subject:** DISPOSAL OF COUNCIL OWNED LAND AT BORDESLEY PARK BIRMINGHAM

**Report of:** Strategic Director – Place, Prosperity & Sustainability

**Relevant Cabinet Member:** Councillor Ian Ward, Leader of the Council  
Councillor Yvonne Mosquito, Finance and Resources

**Relevant O &S Chair(s):** Councillor Saima Suleman, Economy and Skills,  
Councillor, Akhlaq Ahmed Resources

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Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s): <i>Bordesley &amp; Highgate</i>		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 009664/2022		
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 Appendices 2 and 3 Information relating to the financial or business affairs of any particular person (including the council)		
Schedule 12A Local Government Act 1972		

### 1 Executive Summary

- 1.1 The Cabinet report of the 12<sup>th</sup> October 2021 authorised the Assistant Director of Property to undertake market engagement to establish whether there were early opportunities to bring forward development of the Bordesley Park (former Wheels) site which would be subject to a further Cabinet approval.

- 1.2 Further to the advice of the Council's appointed Property Consultant market engagement for the site has been progressed and an opportunity has arisen for the Council to progress early disposal.
- 1.3 This report seeks approval to bring forward early disposal of the site on a free hold basis (shown at Appendix 1 identified within bold area) in accordance with the Bordesley Park Area Action Plan adopted on 14<sup>th</sup> January 2020.

## **2 Recommendations**

- 2.1 Approves the freehold disposal of the Council owned land at Bordesley Park, to the highest recommendable offer as detailed in the Exempt Appendix 3.
- 2.2 Authorises the Assistant Director of Property in consultation with the Director of Council Management and Leader to revert to the under bidders in the event of failure to complete and proceed to completion.
- 2.3 Delegates approval of the final sale terms agreed under 2.2 above to the Leader of the Council, from a report from the relevant Chief Officer.
- 2.4 Authorises the City Solicitor (or their delegate) to negotiate, execute and complete all relevant documentation to give effect to the above recommendation.
- 2.5 Authorises the Assistant Director of Property to carry out preparatory work and enter into negotiations, serve relevant notices and pay all relevant statutory and non-statutory compensation to seek vacant possession in respect of any of the land required including at Venetia Road, Tilton Road, the Cherrywood Industrial Estate and the former Meadway Spares site.
- 2.6 Notes that upon disposal, the City Council will consult with HM Treasury on options to apply the Levelling Up Fund (LUF) grant awarded for Bordesley Park for wider remediation, reclamation and acquisition within the area and consistent with the purposes of the grant application.

## **3 Background**

- 3.1 The site is well known in the market and is identified as the key opportunity for industrial and logistics developments close to the city centre. Savills advised the Council that there was an opportunity to capitalise on the interest in the market and potentially secure an unconditional sale. The Birmingham Development Plan (BDP) recognises the City as one of the most important employment areas within the UK and that strengthening this position and ensuring a successful and prosperous economy will require the provision for a wide range of opportunities for economic development and job creating activity. The BDP requires that a portfolio of readily available employment land is maintained throughout the plan period at the type and levels set out in Policy TP17, consisting of Best, Good and Other quality employment land. The allocation of land at the site through the adoption of the Bordesley Park AAP in 2020 will enable it to be counted towards the Best Quality land category and help to maintain a continuing supply of employment land in this category in the medium to long term. The Wheels site

and its environs is identified both in the AAP and BDP as a major opportunity for transformational change and job growth in the area.” In accordance with the Cabinet approval of 12<sup>th</sup> October 2021 the land has been offered for sale via the Council’s appointed Property Consultant (Savills) through a targeted marketing exercise by tender, with an initial closing date of 12<sup>th</sup> November 2021.

- 3.2 Bordesley Park is identified as one of ten key growth opportunities (Policy GA7) within the Birmingham Development Plan (adopted in 2017). The East Birmingham Inclusive Growth Strategy (2021) sets out the strategy for a comprehensive multi-agency approach focussed on East Birmingham that seeks to ensure that the benefits of growth are shared more fairly, providing new opportunities for local people to change their lives for the better and delivering lasting improvements to living standards, education and skills, access to jobs and opportunities, health, the environment, local places and transport. It is intended that the proposed development will deliver employment and training opportunities to people in East Birmingham and the Council will work with employers, training and employment support providers to develop clear pathways for local people into jobs, modelling suggests an estimated 1,530 jobs will be created by the proposed scheme.
- 3.3 The offers were reviewed and evaluated by Savills based on the level of financial offer, the proposed scheme plan/layout and previous experience as requested. A panel comprising officers from Property Services, Planning, Legal Services and Savills subsequently interviewed the highest bidder.
- 3.4 The property has been marketed on a targeted basis to ensure the maximum return to the Council and any development proposals that may be brought forward by the successful purchaser will be in accordance with the prevailing planning policy.
- 3.5 The recommended sale represents best consideration and has been validated by the Council’s appointed property advisor Savills and the Assistant Director Property based upon analysis of the offers received.
- 3.6 The Tender Report detailing the outcome of the process is appended as Exempt Appendix 4 and provides confidential tender information.
- 3.7 On 14 January 2020, the City Council adopted the Bordesley Park Area Action Plan (BPAAP) which seeks to drive forward the regeneration of the area delivering economic and housing growth opportunities to local residents and businesses, enhancing public transport and connectivity and supporting the sustainable growth of the city up to 2031.
- 3.8 The BPAAP identifies the Bordesley Park site and environs as a key area of change (Key Opportunity 1) which has the potential to become an attractive location for high quality employment use which delivers inclusive and sustainable growth, improved transportation and employment and training opportunities.
- 3.9 The strategic approach to the utilisation and disposal of the City Council’s property assets was outlined in a report of the Director, Inclusive Growth entitled

“Property Strategy 2018/19-2023/24 (the Property Strategy) approved by Cabinet in November 2018.

- 3.10 The property advisory work undertaken indicated that there was significant market interest in the site. The Council’s Property Advisor had received a number of unsolicited approaches for the site, including both conditional and unconditional offers. The City Council was also separately approached by a major employer looking for a relocation site but this opportunity is no longer live. In order to ascertain whether interest in the site was genuine, the City Council’s property consultants were asked to undertake a targeted marketing exercise of the site in accordance with the Cabinet resolution of October 12<sup>th</sup> 2021. This marketing exercise and the recommendation to dispose of the site is outlined in Exempt Appendix 4.
- 3.11 The development of the Bordesley Park area will provide the catalyst for the regeneration of the wider area including Bordesley Green Local Centre and the adjacent Cherrywood Road and Adderley Park areas. The reasons why the City Council is bringing forward employment development on the site is set out in both the Bordesley Park Area Action Plan (AAP) and the East Birmingham Inclusive Growth Strategy and is a response to the need to address the long-standing challenges within East Birmingham. The site will be a catalyst for regeneration in a part of the city where over a quarter of the workforce is unemployed (as evidenced by unemployment claimant counts of 18.3% and 21.4% in Ladywood and Hodge Hill respectively (March 2022)). The development of this underutilised site will contribute to the creation of up to 3000 jobs within the AAP area with employment and skills programmes put in place to connect these opportunities to the local community. The proposals will also complement and reinforce other opportunities that will be generated in the area including through the arrival of HS2 in the City Centre at the new Curzon Street Station and the extension of the Midland Metro from the City Centre to Birmingham Airport and the proposed HS2 Interchange Station.
- 3.12 On 31<sup>st</sup> January 2020, the City Council regained control of the Wheels site following non-payment of rent and forfeiture of the lease of the site by the previous leaseholder. A temporary contracted out lease was then granted to one of the former occupiers of the site which expired on the 31<sup>st</sup> October 2021. As matters stand, the City Council has taken vacant possession of the site and is now responsible for the site’s management and maintenance going forward.
- 3.13 A LUF Bid for the remediation of Bordesley Park was submitted to the Department for Levelling Up, Housing and Communities (DLUHC) on the 17<sup>th</sup> June 2021 totalling £19.05m (£17.145 from government with City Council co-funding of £1.905m (the LUF guidelines require a 10% contribution). The bid was successful and surveys and works on site have commenced. In particular a planning application for the treatment of the extensive Japanese knotweed on the site was approved on February 24<sup>th</sup> 2022 and following the appointment of consultants work commenced on site in March.

- 3.14 The proposed disposal also includes the adjacent land in the City Council's freehold ownership as set out below.
- 3.15 Land to the west of the site including i) the Venetia Road site previously let to National Grid Property Holdings who surrendered their interest in October 2019 with the site being subsequently re-let as 2 plots with rolling landlord-only breaks and ii) the site at the corner of Venetia Road and Tilton Road site.
- 3.16 The former Meadway Spares site comprising car spares and breaking uses.
- 3.17 Cherrywood Industrial site - a small industrial estate established in 1987 with a rear service road (Raleigh Road) fronting Bordesley Green Road. The estate is given over exclusively to motor trade uses including breaking and repairs.
- 3.18 The City Council had also received a nomination from the Friends of Wheels Park for the site to be an Asset of Community Value (ACV). On the 29th November 2021 the Assistant Director of Property was informed that the nomination had been considered and it had been decided that the nomination did not meet the criteria for listing. As a result there is no requirement to provide notification of any proposed disposal.

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

- 4.1 The City Council and its property advisors has considered a number of options for the development of the site as set out in earlier reports. In addition to the unconditional disposal proposal three other development scenarios have been modelled in more detail. These are:
- That the City Council deliver the scheme to completion / letting.
  - That the City Council appoint a development manager to run the construction process.
  - That the City Council enter into a Joint Venture with a developer.
- 4.2 This work is outlined in more detail in Exempt Appendix 4 and the report concludes that the unconditional disposal as recommended represents the best way forward and in their opinion “meets the requirements of S123 of the Local Government Act 1972.
- 4.3 The sale of the subject property will remove remediation (the site is a former landfill site) and financial risks and ongoing management liability from the Council. The successful tenderer has the resources and experience to deliver the development of the site and will bear the associated risks going forward.
- 4.4 The sale of the subject property will promote investment into the city region economy and enable the Council to receive an early receipt.

## **5 Consultation**

- 5.1 Discussions will take place with tenants at the Council's Cherrywood Industrial Estate and former Meadway Spares site, which are incorporated within the proposed disposal site and where additional site access may be required.
- 5.2 Informal discussions have taken place with Cambabest, who own and occupy a site on the Venetia Road access into the Bordesley Park site and these will be progressed. This site is obviously not included within the proposed disposal.
- 5.3 As the proposals for development of the Bordesley Park site are progressed, further public consultation will take place including all future planning applications relating to the site.
- 5.4 A Bordesley Park Project Board comprising the Director of Planning, Transport and Sustainability, Assistant Director Property and senior officers from Planning and Development, Transport and Connectivity, Finance, Legal and Democratic Services, Property Services and Procurement with support from external advisors has been convened to bring forward the development of the site.
- 5.5 No external consultation has taken place regarding the contents of this report, beyond the informal discussions with Cambabest outlined in 5.2.
- 5.6 The Ward Councillor has been informed of the proposed disposal and would like what is best for the local area and Birmingham, noting there are a number of options and if possible would like BCC to retain the site via a business partnership where the council could gain a regular income. Officers subsequently advised this alternative proposition had been considered, however the disposal recommended in the report represents best value to the City in terms of financial return.

## **6 Risk Management**

- 6.1 Inability to meet property market timelines: To meet the expectations of the prevailing property market the Council has committed to deliver a programme of land and property sales in accordance with the Property Strategy. Approval of this report will support adherence to these objectives and enable sale receipts to be realised.
- 6.2 Interim reduction in existing rental income. The disposal of assets will impact upon existing rental income budgets. The reduction in rental income from this disposal is detailed in the Finance section below. Associated mitigation measures are noted in the Finance section.
- 6.3 Going forward the successful tenderer will assume the project management risks associated with the development of the site.

## **7 Compliance Issues:**

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

The decisions recommended in this report will facilitate the development of the Site which contributes to:

- 7.1.1 The Property Strategy which is aligned with the strategic outcomes outlined in the Council Plan 2018-2022 – to create a city of growth where every child, citizen and place matters. The Property Strategy will help make Birmingham: an entrepreneurial city to learn and accelerate the delivery of the objectives identified within the Bordesley Park AAP.
- 7.1.2 As the largest local authority in the country with the biggest property portfolio, the Council has the opportunity to utilise its property and land assets in a strategic way to deliver its priorities.
- 7.1.3 The Property Strategy takes a medium to long term strategic approach to how the City Council utilises its commercial property assets and will ensure a balanced delivery of maximised commercial and social returns. Re-aligning the Council's property will provide a catalyst for development and underpin the social fabric of communities across the city.
- 7.1.4 The Council's Plan 2018-2020 (2019 update) to prioritise jobs and skills for Birmingham to be a great city to succeed in and to be renowned as an enterprising, innovative and green city. The scheme will support inclusive sustainable growth in the number of jobs across Birmingham, invest in infrastructure to develop a modern, sustainable transport system; invest in growth sectors such as manufacturing; and provide training for Birmingham residents so that they can take advantage of sustainable employment. The scheme will deliver on actions within the Council Plan to concentrate on significant areas of opportunity, by facilitating jobs and training opportunities in an area of deprivation within East Birmingham, using the City Council's property assets to accelerate regeneration and investment and by facilitating the expansion of the Metro.
- 7.1.5 The Birmingham Development Plan identifies Bordesley Park (including the Wheels site) as one of ten key growth areas to deliver the objectives of the plan. It also designates the site as a Core Employment Area which will make a significant contribution to the city's growth strategy to deliver industrial land and job opportunities.
- 7.1.6 The Bordesley Park Area Action Plan was adopted following extensive public consultation on the 14<sup>th</sup> January 2020. The site is considered under policy Key Opportunity 1: The Wheels site and Environs which identifies the opportunity to bring forward up to 40 acres (16 Hectares) of land for B1(a) and (b), B2 and B8 industrial uses that could deliver up to 1 million sq. ft of employment floorspace and contribute to providing up to 3000 jobs for the local area and wider city.
- 7.1.7 The development of the Wheels Site for employment uses is a key part of the East Birmingham Inclusive Growth Strategy and will be

complemented by skills and training programmes to connect the local community to the job opportunities created.

#### 7.1.8 Net Zero Carbon Measures –

The preparation of the Bordesley Park AAP was both supported and informed by a Sustainability Appraisal (a statutory process incorporating the requirements of the European Union Strategic Environmental Assessment (SEA) Directive). Both the SA and the AAP were subject to independent examination by an Inspector appointed by the Secretary of State and found to be sound.

The Birmingham Development Plan (BDP) relates to the sustainability of new developments through TP3 (Sustainable construction) and TP4 (Low and zero carbon energy generation). The new City Council 'Our Future City Plan - Central Birmingham 2040' is currently being progressed. The plan sets the vision for the City Centre for the next 20 years. The City Council's Route to Zero (R20) initiative is at the heart of the plan that includes a zero-carbon approach to development. The preferred bidder has stated that they will deliver new speculative development as carbon net zero in accordance with the UK Green Building Council Net Zero Building Framework.

## 7.2 Legal Implications

- 7.2.1 The power to dispose of land is contained in Section 123 of the Local Government Act 1972. The disposal power in Section 123 of the Local Government Act 1972 is subject to the best consideration test. The Assistant Director of Property has confirmed that the recommended transaction, as detailed in Exempt Appendix 3 represents best consideration and satisfies the Council's obligations under Section 123 of the Local Government Act 1972.
- 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 applicable pre-commencement restrictions and any specific post-commencement statutory restriction of the power, and Section 111 of the Local Government Act 1972 contains the Council's ancillary financial and expenditure powers in relation to the discharge of its functions including the disposal and acquisition of property.
- 7.2.3 The information in Exempt Appendices 3 and 4 is commercially sensitive with regard to the tender process. Exempt information is set out in Schedule 12A of the Local Government Act 1972 (as amended) and paragraph 3 of schedule 12A includes information relating to the financial or business affairs of any particular person (including the council). It is in the public interest to treat the information in Exempt Appendices 3 and 4 as exempt information as they contain commercially sensitive information



of a financial or business nature, which if disclosed to the public could be prejudicial to a named, individual or company.

### **7.3 Financial Implications**

- 7.3.1 All offers received are detailed in the individual Tender Report attached as Exempt Appendix 4. Offers received will be required to exchange contracts within 14 days of approval and pay a non-refundable 10% deposit, with the balance of the purchase monies payable on completion.
- 7.3.2 The purchasers will be responsible for paying the Council's reasonable surveyors, property agency, administrative and legal fees which comes off the purchase price.
- 7.3.3 The sale will generate a capital receipt, (section 2 of the Exempt Appendix 3 provides the detailed financial information) will be used to reduce borrowing and deliver a revenue saving as per the councils MTFP. In addition, the Council intends to acquire other assets in accordance with the City Council's Property Strategy. These assets will not only generate an on-going income stream but will be used to facilitate further growth, development and jobs within Birmingham as part of the City Council's overall objectives and policies for inclusive growth and levelling up.
- 7.3.4 The disposal will result in a reduction in net rental revenue income of £0.314m per year. This loss of income has been mitigated by a revenue adjustment in the Council's medium term financial plan.
- 7.3.5 A Levelling Up Fund bid totalling £19.05m (£17.145 from government with City Council co-funding of £1.905m) was successful and works on site have commenced including investigative works and Japanese knotweed removal. Upon disposal, the City Council will consult with HM Treasury on options to apply the grant awarded for wider remediation, reclamation and acquisition within the area and consistent with the purposes of the grant application.

### **7.4 Procurement Implications**

- 7.4.1 There are no procurement implications with the recommendations of this report.

### **7.5 Human Resources Implications (if required)**

- 7.5.1 The Council is using existing staff from the Property Services and Planning and Development Service to progress this project.

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

- 7.6.1 The Bordesley Park disposal programme has been undertaken in accordance with the Property Strategy. The Property Strategy is a policy document setting out the strategy principles associated with property assets and at this stage there are no specific implications.

7.6.2 The Bordesley Park scheme will support the delivery of the BPAAP which the City Council adopted on the 14th January 2020. The Equality Analysis attached to this report is attached at Appendix 2, which concluded that the BPAAP will help create a framework that will positively impact on the quality of life of the area's diverse community. A further Equality Analysis will not be required at this stage, as the report recommendations do not have an adverse impact on the groups and characteristics protected under the Equality Act 2010.

## **8 Appendices**

8.1 List of Appendices accompanying this report:

1. Site plan
2. Equality Impact Assessment
3. Exempt Appendix 3 Report
4. Exempt Appendix 4 Recommendation/Tender Report (Savills)

## **9 Background Documents**

- 9.1 Bordesley Park Area Action Plan (BPAAP) 2020 adopted by Council 14<sup>th</sup> January 2020.
- 9.2 East Birmingham Inclusive Growth Strategy 2021 Cabinet report to 9th February 2021 meeting for adoption.
- 9.3 Wheels Strategic Business Case, Report to Council 17th March 2020.
- 9.4 Levelling Up Fund - Tranche 1 Bids, Report to Cabinet 8th June 2021.
- 9.5 Bordesley Park (Wheels Site) Strategic Business Case Update, Report to Cabinet 12<sup>th</sup> October 2021.
- 9.6 Prosperity and Opportunity for All: Birmingham's Levelling Up Strategy, November 2021