

Public Report

Birmingham City Council

Report to Cabinet

Date 11th December 2018



Subject: DISPOSAL OF MURDOCH AND PITMAN BIRMINGHAM 153-161 CORPORATION STREET BIRMINGHAM

Report of: CORPORATE DIRECTOR, ECONOMY

Relevant Cabinet Member: Cllr Ian Ward Leader of the Council

Relevant O &S Chair(s): Cllr Tahir Ali – Economy and Skills O&S Committee

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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): LADYWOOD		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 004699/2018		
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
If relevant, provide exempt information paragraph number or reason if confidential :		

1 Executive Summary

- 1.1 To note the outcome of an informal tender to grant long leasehold for a premium payment of Murdoch and Pitman Buildings, shown edged black on the drawing in Appendix 1 and extending to 0.37 acres/0.15 hectares.
- 1.2 To note the use of a surplus property asset to generate capital resources, contributing to the delivery of the Council's key business priorities and objectives.
- 1.3 An accompanying Private report provides commercially confidential information regarding the transaction.

2 Recommendations

That Cabinet:

- 2.1 Notes this report.

3 Background

- 3.1 The property at 153-161 Corporation Street known as Murdoch and Pitman are two Grade II* Listed Buildings which forms part of the City Centre Chamberlain Buildings Portfolio (CCCB). The CCCB comprises ten multi-storey Victorian, largely terracotta, buildings located along the length of Corporation Street.
- 3.2 Demand for tertiary office space has significantly reduced over the years. The upper floors at Murdoch Chambers have a low occupancy rate. The decision was taken in 2016 to close Pitman Building due to the low occupancy rates and the high running costs. The two remaining tenants were relocated to other void offices within the CCCB.
- 3.3 The property is currently underutilised where a significant amount of investment is required in order to modernise it to current standards. There is not a viable business case for the Council to support the level of investment required
- 3.4 Approval to market Murdoch and Pitman was received from Cabinet in June 2016.
- 3.5 The property was marketed by way of a two stage informal tender process. Stage 1 was carried out from 1st October 2017 to 8th December 2017 and Stage 2 from 23rd January 2018 to 11th May 2018. Pre-application advice was required by the short-listed applicants as part of the Stage 2 tender process.
- 3.6 A detailed tender report confirming the outcome of the tender process is appended to the Private Report as Appendix 2.

4 Options considered and Recommended Proposal

- 4.1 Not to Proceed:

- The Council would not realise a capital receipt to contribute towards the delivery of the Council's key business priorities and objectives.
- The Council would retain the liability of the Listed Buildings which are underutilised and in need of capital expenditure and would retain the maintenance liability of a property no longer fit for purpose.

- 4.2 Proceed:

- The liability of future capital expenditure on the Listed Buildings will be removed and a capital receipt obtained to contribute towards the Council's objectives.

- 4.3 Recommended Proposal :

- The recommendation is to dispose of the property.

5 Consultation

- 5.1 The relevant Ward Members (Ladywood) have been consulted and no adverse comment has been received to the content of the report. The detail of this consultation is set out in Appendix 3 of this report.
- 5.2 Officers from Legal and Democratic Services and City Finance and other relevant officers from the Economy Directorate have been involved in the preparation of this report.

6 Risk Management

- 6.1 The purchaser will pay a deposit on exchange of contracts and will pay the balance on completion after planning permission and other related consents have been granted; so there will be no further financial risk for the Council following completion.
- 6.2 The purchaser is working with planning and conservation officers with a view to submitting the planning application and other consents early in the New Year. The purchaser is taking on board the previous guidance given in the pre-application to avoid the risk of a planning or Listed Building consent refusal.

7 Compliance Issues:

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

- 7.1.1 The proposal contributes towards the strategic outcomes outlined in the 'Council Plan and Budget 2018+', specifically to help deliver a balanced budget and contribute to the delivery of the Council's core vision and priorities in the Council's Vision and Forward Plan 2017 by generating capital resources for the City Council to deliver these aims.

7.2 Legal Implications

- 7.2.1 The power to acquire, dispose and manage assets in land and property is contained in Sections 120 and 123 of the Local Government Act 1972.

7.3 Financial Implications

- 7.3.1 The disposal of this surplus asset will generate a capital receipt for the Council, helping to deliver a balanced budget, supporting the Council Plan and Budget 2018+ and contributing to key priorities.
- 7.3.2 Through the disposal terms, the Council will ensure that the liability to pay compensation to the tenants who stay in occupation following the sale of the premises will pass to the purchaser.
- 7.3.3 The disposal will remove any Council liability for the maintenance of an underutilised property. The Listed Buildings are in need of major capital investment both internally and externally to bring back into use if retained. The disposal will avoid this potential capital expenditure.

7.4 Procurement Implications (if required)

7.4.1 The property was marketed by way of informal tender and six parties submitted bids. By Stage 2 there were two credible bidders. The top bid subsequently withdrew before the matter was reported to Cabinet. The under bidder has reaffirmed their previous Stage 1 bid. The confidential detail is included in the private report.

7.5 Human Resources Implications (if required)

7.5.1 N/A

7.6 Public Sector Equality Duty

7.6.1 An Equality Analysis - EQUA173 is attached as Appendix 2 to this report, which discloses that this report will not have an adverse impact on the groups and characteristics protected under the Equality Act 2010.

8 Background Documents

8.1 Relevant Officer's file(s) on the matter, save for confidential documents

8.2 List of Appendices accompanying this Report (if any):

- 1. Site Plan
- 2. Equality Analysis EQUA173
- 3. Ward Member Consultation