

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	Leader of the Council jointly with the Corporate Director, Economy
Report of:	Assistant Director of Property (Interim)
Date of Decision:	August 2018
SUBJECT:	Surrender and grant of a new regeared lease of land at 3-4 Bishopsgate Street
Key Decision:	No
If not in the Forward Plan: (please "X" box)	Relevant Forward Plan Ref: N/a
Relevant Cabinet Member(s) or Relevant Executive Member:	Chief Executive approved <input type="checkbox"/>
Relevant O&S Chair:	O&S Chair approved <input type="checkbox"/>
Wards affected:	Councillor Ian Ward – Leader of the Council
	Cllr Tahir Ali – Economy and Skills O&S Committee
	Ladywood

1. Purpose of report:

- 1.1 To approve terms for the grant of a new long lease of Council land at 3-4 Bishopsgate Street (shown edged black on the plan in Appendix 1) to the Bishopsgate Street Company Ltd and the simultaneous surrender of an existing lease for the same land.
- 1.2 This will generate resources for the City Council and facilitate a development of 290 new residential apartments.
- 1.3 Commercially sensitive details relating to this proposed transaction are provided in the accompanying private report.

2. Decision(s) recommended:

The Leader of the Council, jointly with the Corporate Director, Economy :

Notes this report.

Lead Contact Officer: Christian Berry
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3. Consultation

3.1 Internal

- 3.1.1 Both Ward Members for Ladywood have been consulted and are supportive of the report moving forward to an executive decision, as shown in the Consultation Report in Appendix 2 annexed to this report
- 3.1.2 Officers from City Finance, Legal and Governance and Birmingham Property Services have been involved in the preparation of this report.

3.2 External

- 3.2.1 There will be no external consultation for this transaction.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

- 4.1.1 The proposal contributes towards the Birmingham City Council Plan 2018-2022 priorities, including completing new homes and provision of appropriate housing to meet the needs of citizens.
- 4.1.2 It supports the Council Plan and Budget 2018+ by generating resources and thus helping to achieve a balanced budget.
- 4.1.3 This scheme will create jobs for the construction and the ongoing operational phases, meeting objectives set out in the Birmingham City Council Plan 2018-2022.

4.2 Financial Implications (How will decisions be carried out within existing finances and resources?)

- 4.2.1 The proposals will generate resources for the City Council. The values contained in the private report represent fair market prices according to an independent assessment of value and have been confirmed by the Assistant Director of Property (Interim) as providing best consideration.
- 4.2.2 The developer will pay all legal fees incurred by the City Council in connection with the transaction.

4.3 Legal Implications

- 4.3.1 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. A market report by GVA, attached as an Appendix to the private version of this report demonstrates that obligations to achieve best consideration under Section 123 have been met.

4.4 Public Sector Equality Duty (see separate guidance note)

- 4.4.1 The surrender and renewal of these leases raises no equality issues, as referenced in EA report number EA002909 attached at Appendix 3 to this report.

5. Relevant background/chronology of key events:

- 5.1 The site was formerly occupied by the Nautical Club for use as a social club which was not, in the end, viable as a business and shut its doors in 2015. The lease was purchased by another party, who subsequently assigned to the developer involved in this transaction. The building was demolished in April 2018 with the consent of Birmingham City Council.
- 5.2 The new building will be part 10 and part 15 stories and will provide 290 high quality residential

apartments for the student market. The scheme was granted full planning consent in February 2018.

- 5.3 The existing lease is of 99 years duration and expires on 28th February 2072. Residential development on this site cannot proceed without the grant of this longer lease because the lease is too short to secure institutional funding. The new lease term is a proposed 125 years in duration.

6. Evaluation of alternative option(s):

6.1 Option 1 - Do nothing

- 6.1.1 This would mean that the development could not proceed and the Council would not realise the additional resources.

6.2 Option 2 – Sell the freehold

- 6.2.1 The freehold interest could be put to the market. The transaction amount for a freehold sale would not be much different to a long leasehold sale however, under freehold disposal the City Council would lose long term control of the site and could not elect to have an annual rent for the duration of the term.

7. Reasons for Decision(s):

- 7.1 The proposed transaction will facilitate a new residential development on this city centre site, facilitate regeneration and realise additional resources for the Council.

Signatures

Date

Councillor Ian Ward
Leader of the Council

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Waheed Nazir
Corporate Director, Economy

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List of Background Documents used to compile this Report:

None

List of Appendices accompanying this Report (if any):

1. Site plan
2. Consultation Report
3. Equality Assessment