

## **BIRMINGHAM CITY COUNCIL**

### **PUBLIC REPORT**

<b>Report to:</b>	<b>Leader of the Council jointly with the Corporate Director, Economy</b>
<b>Report of:</b>	<b>Assistant Director of Property (Interim)</b>
<b>Date of Decision:</b>	<b>February 2019</b>
<b>SUBJECT:</b>	<b>Surrender and new lease for 43-45 Corporation Street, Birmingham</b>
<b>Key Decision:</b>	<b>No</b>
<b>If not in the Forward Plan: (please "X" box)</b>	<b>Relevant Forward Plan Ref: N/a</b>
<b>Relevant Cabinet Member(s) or Relevant Executive Member:</b>	<b>Chief Executive approved <input type="checkbox"/></b>
<b>Relevant O&amp;S Chair:</b>	<b>O&amp;S Chair approved <input type="checkbox"/></b>
<b>Wards affected:</b>	<b>Councillor Ian Ward – Leader of the Council</b>
	<b>Cllr Tahir Ali – Economy and Skills O&amp;S Committee</b>
	<b>Ladywood</b>

#### **1. Purpose of report:**

- 1.1 To approve terms for the surrender of an existing lease and the grant of a new lease at 43-45 Corporation Street (shown edged black on the plan in Appendix 1) to Capita Business Services Limited.
- 1.2 Commercially sensitive details relating to this proposed transaction are provided in the accompanying private report.

#### **2. Decision(s) recommended:**

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

Note this report.

**Lead Contact Officer:** Christian Berry  
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**Email address:** christian.berry@birmingham.gov.uk

### **3. Consultation**

#### **3.1 Internal**

3.1.1 Both Ward Members for Ladywood have been consulted and are supportive of the report, as shown in the Consultation Report in Appendix 2 annexed to this report

3.1.2 Officers from City Finance, Legal and Governance 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 is consistent with Birmingham City Council Plan 2018-2022 priorities.

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 The letting supports the aims set out in the Birmingham Property Strategy 2018-2023 which seeks to grow income in the commercial property portfolio.

#### **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 a qualified and independent assessment of value and have been confirmed by the Assistant Director of Property (Interim) as providing best consideration.

4.2.2 The upper floors are currently maintained by the City Council, and this agreement will bring them inside the tenant's responsibility for repair and maintenance. This will reduce maintenance costs to the Council.

#### **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.

#### **4.4 Public Sector Equality Duty (see separate guidance note)**

4.4.1 Having carried out an initial equality assessment attached at Appendix 3 there is no requirement to undertake a full analysis as the surrender and renewal of this lease raises no equality issues and does not have an adverse impact on protected characteristics groups as identified in the Equality Act.

### **5. Relevant background/chronology of key events:**

5.1 43-45 Corporation Street comprises a retail unit with a prominent street frontage on the ground floor and offices on the basement, first and second floors. The third, fourth and fifth floors complete the demise but are dilapidated and unoccupied.

- 5.2 The building is used as a regional hub for Armed Forces recruitment on a lease commencing in 2013.
- 5.3 Capita Business Services Limited have since taken over the management and administration of the service and the new lease is to be in this name.
- 5.4 The new proposed terms reflects a market rent and other terms and are in line with the general increase in market prices in the location over the period.
- 5.5 The private report on this transaction contains further information on the current lease and proposed new one.

## **6. Evaluation of alternative option(s):**

### **6.1 Option 1 – Negotiate different terms**

- 6.1.1 The present occupier has a statutory right to remain in occupation as a business tenant and the Council legally obliged to offer a new lease. Alternative options for the Council are thus limited to seeking different terms from those recommended in the private version of this report. The terms as set out represent fair market ones which the tenant has a legal right to seek and enforce.

## **7. Reasons for Decision(s):**

- 7.1 The proposed transaction will generate increased resources for the City Council and the transaction overall represents a fair market price for the space.
- 7.2 The transaction will bring the dilapidated upper floor accommodation back into the tenant's repairing covenant, removing the maintenance obligation and reducing risk for the City 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