

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	CABINET
Report of:	CORPORATE DIRECTOR, ECONOMY
Date of Decision:	18 APRIL 2017
SUBJECT:	PEDDIMORE – EMPLOYMENT SITE
Key Decision: YES	Relevant Forward Plan Ref: 003379/2017
If not in the Forward Plan: (please "X" box)	Chief Executive approved O&S Chairman approved
Relevant Cabinet Member:	THE LEADER OF THE COUNCIL – CLLR JOHN CLANCY
Relevant O&S Chairman:	CLLR MOHAMMED AIKHQAQ - CORPORATE RESOURCES AND GOVERNANCE O&S COMMITTEE
Wards affected:	SUTTON NEW HALL

1. Purpose of report:

- 1.1 The Birmingham Development Plan was adopted by the City Council on 10th January 2017. The Plan released the Peddimore site in Sutton Coldfield for employment development. The developable area of the Peddimore site is approx. 71 hectares of which approx. 65 hectares (approx. 160 acres net developable) is in the ownership of the Council. The site allocation and the Council's land ownership are shown at Appendix 1 of this report.
- 1.2 The future disposal and development of the site represents an opportunity to provide a major high quality employment site that will attract significant investment into the City providing thousands of jobs and boosting inclusive economic growth in the City and in the wider West Midlands region.
- 1.3 The Cabinet report dated 14 February 2017 approved a project budget to support activities to facilitate the development of the site. The report also authorised the launch of the Prior Information Notice (PIN) at the MIPIM property event on 14th March.
- 1.4 This report recommends a preferred delivery option following the completion of development options appraisals and to commence marketing of the phase 1 site. The details of the options appraisal and the marketing process are contained in the options appraisal at appendix 2.

2. Decision(s) recommended:

It is recommended that Cabinet:

- 2.1 Approves option 2, noted in the options appraisal attached at appendix 2, as the Preferred Delivery Option.
- 2.2 Agrees to bring forward the delivery of phase 1 of the Peddimore site for employment use as part of the Preferred Delivery Option.
- 2.3 Authorises the Corporate Director of Economy to commence the marketing of the phase 1 site to secure a strategic development partner who will install the infrastructure for phases 1 and 2 and develop out the phase 1 site consistent with the objectives of the Birmingham Development Plan.
- 2.4 Authorises the Corporate Director of Economy to approve the short list of potential development partners following the pre-qualification stage of bidding and present a further report to Cabinet documenting the evaluation of competitive bids and seeking approval prior to proceeding to appoint a preferred development partner.
- 2.5 Authorises the City Solicitor to negotiate, execute, complete and seal the relevant documents necessary to give effect to the above recommendations.

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3. Consultation

3.1 Internal

3.1.1 Sutton New Hall Ward Members have been consulted in the process of adopting the Birmingham Development Plan which was formally adopted by the Council on 10 January 2017. Further consultation with Ward Members has been undertaken as part of the February Cabinet report. Ongoing consultation has been undertaken with the Ward Members. Their observations and comments will be noted in the schedule at appendix 3 will be taken into consideration as part of the planning application and development agreement.

3.1.2 Councillor Stewart Stacey, the Strategic Director of Programmes and Projects has also been consulted. Legal and Democratic Services and City Finance have also been involved in the preparation of this report.

3.2 External

3.2.1 Extensive public consultation regarding the development of the site for employment use was carried out as part of the preparation of the Birmingham Plan. In preparing this report for April Cabinet the Sutton MP and the Royal Sutton Town Council have been consulted and to date no comments have been received. Should comments from the MP and the Town Council come forward these will be reported at the April Cabinet meeting.

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 strategic outcomes, specifically Outcome One: Strong economy, by supporting development of a major strategic site, jobs creation; specifically Outcome Four: Creating Thriving Communities through the installation of new highways infrastructure improving connectivity.

4.2 Financial Implications

4.2.1 The delivery options appraisal is provided at appendix 2 of this report and recommends a two phase development strategy as the Preferred Delivery Option. The Preferred Delivery Option seeks to minimise the financial risks to the Council arising from the significant costs of providing a new primary access from the A38 and other infrastructure required to deliver a master planned development.

4.2.2 Given the infrastructure costs the preferred option proposes to market and dispose of a phase 1 site that is approx. 70 acres. The cost of the infrastructure will be borne by the development partner who will retain and develop out the phase 1 site. Public sector funding from GBSLEP's Local Growth Fund will also be sought to help facilitate the development. The phase 2 site will extend to approx. 90 acres and will benefit from the infrastructure installed as part of the phase 1

4.2.3 The marketing of the site will be supported by retained property consultants and legal services support being funded by the budget approved by Cabinet in February 2017.

4.3 Legal Implications

4.3.1 Under the general power of competence in Section 1 of the Localism Act 2011 (The Act) the Council has the power to enter into arrangements set out in this report. They are within the boundaries and limits of the general power of competence set out in sections 2 and 4 of the Act.

4.3.2 The Council has a duty to efficiently manage its assets and has the power to hold and dispose of land under Sections 120 and 123 of the Local Government Act 1972.

4.4 Public Sector Equality Duty

4.4.1 An Equality Assessment (EA) number EA001787 is attached at appendix 3.

5.	Relevant background/chronology of key events:
5.1	The preparation of the Birmingham Development Plan (BDP) demonstrated a shortage of large, high quality employment sites to meet the needs of the City's expanding industrial sector. This conclusion was supported by the independent Planning Inspector and the BDP has now been adopted by the Council,
5.2	Now that the release has been confirmed the Peddimore site needs to be brought forward for development as quickly as possible given the pressing need to address the current shortage in employment land supply. It is widely recognised that due to its size and location Peddimore is the most significant opportunity in the West Midlands for major employment generation and investment. In order for the Peddimore site to be developed new infrastructure needs to be installed including a new access point from the A38. In addition to this utilities and services will need to be brought on to the site and distributed to allow development plots to come forward.
5.3	This report seeks authority to support the Preferred Delivery Option for the Peddimore development. Officers have considered development options ranging from the disposal of the entire site to a scenario whereby the Council undertakes direct development of the site itself and installs the infrastructure. Appendix 2 provides the delivery options appraisal as a summary of the Outline Business Case. The Preferred Delivery Option is identified as Option 2.
5.4	In order to minimise the borrowing cost requirement on the Council's revenue budget and to mitigate development risk and financial exposure, the Preferred Delivery Option, will seek a strategic development partner for phase 1 and to positively obligate the partner to produce a high quality master plan for the site and deliver the infrastructure to service both phase 1 and phase 2. The disposal process will be OJEU compliant and the key milestones are set out in the Delivery Options Appraisal. This will leave the Council in control of a serviced site (phase 2) giving it the ability to react quickly to employment and investment proposals which come forward whilst maximising the capital receipts from this phase of the development.
5.5	Having identified a Preferred Delivery Option the report seeks authority to commence marketing of the phase 1 site (which extends to approx. 70 acres (net) as shown edged black on the plan attached at appendix 1) to secure a development partner who will master plan the site, secure planning consent, install the infrastructure and undertake development of the phase 1 site.

6.	Evaluation of alternative option:
6.1	Not to proceed would mean that the opportunity to deliver a key allocation in the Birmingham Development Plan is delayed and or missed which given the limited land supply available could result in a material loss of investment into the City.
6.2	Alternative options to secure the servicing of the site have been investigated and the Preferred Delivery Option is to secure a strategic development partner who will install the infrastructure as part of a high quality master plan and this will greatly reduce the financial risk to the Council.
6.3	The Council could offer the entire site for sale in the open market. However, by retaining the phase 2 site the Council will have the ability to control its release and to react to industrial, manufacturing employment and investment proposals which come forward.

7. Reasons for Decision(s):

- 7.1 Subject to the approval of the Preferred Delivery Option to seek approval to market the phase 1 site and to secure a development partner who will install the infrastructure for phases 1 and 2 and develop out phase 1 of the Peddimore site in accordance with a high quality master plan and the objectives of the Birmingham Development Plan.

Signatures**Date**

Leader of the Council – Cllr John Clancy

Waheed Nazir, Corporate Director, Economy

List of Background Documents used to compile this Report:

1. Birmingham Development Plan

List of Appendices accompanying this Report (if any):

1. Appendix 1 – Site plan
2. Appendix 2 – Delivery Options Appraisal
3. Appendix 3 - Comments from Ward Member consultation
4. Appendix 4 - Equality Assessment EA001787