

## **BIRMINGHAM CITY COUNCIL**

### **PUBLIC REPORT**

<b>Report to:</b>	<b>Leader of the Council jointly with the Director, Inclusive Growth</b>
<b>Report of:</b>	<b>Assistant Director of Property</b>
<b>Date of Decision:</b>	<b>11 February 2019</b>
<b>SUBJECT:</b>	<b>New lease for second floor of Priestley Wharf Building 3, Birmingham Science Park</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>Nechells</b>

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

- 1.1 To approve terms for the grant of a new lease at Priestley Wharf (shown edged black on the plan in Appendix 1) to Innovation Birmingham Limited.
- 1.2 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 Director, Inclusive Growth:

- 2.1 Note this report.

**Lead Contact Officer:** Christian Berry  
**Telephone number:** 0121 303 3460  
**Email address:** christian.berry@birmingham.gov.uk

### **3. Consultation**

#### **3.1 Internal**

3.1.1 The Ward Member for Nechells has been consulted and is supportive of the report, as shown in the Consultation Report in Appendix 2.

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 an independent assessment of value and have been confirmed by the Assistant Director of Property as providing best consideration.

4.2.2 The costs to keep the building vacant are around £120,000 a year (comprising mainly Business Rates which must be paid on vacant property). The total costs incurred since the unit became vacant in September 2016 amount to around £160,000. This proposal will remove this liability.

#### **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 The grant of this lease raises no equality issues in relation to the protected characteristics and groups under the Equality Act 2010, as referenced in EA report number EQUA121 attached at Appendix 3 to this report.

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

5.1 Priestley Wharf comprises three large office buildings constructed in the late 1990s and forms part of the Birmingham Science Park campus acquired by Birmingham City Council in 2013. The buildings are let out to business tenants.

5.2 The Subject property – the second floor unit of Building 3 - was vacated by Birmingham Community Healthcare NHS Trust in September 2016.

- 5.3 The Subject property was refurbished in early 2017 with dilapidations monies received from the previous tenant. It was fitted with new carpet and decorated throughout to assist with marketing and ensure the best price could be achieved upon letting.
- 5.4 The Subject property has been marketed by GVA on behalf of the City Council since early 2017.
- 5.5 The private report on this transaction contains further information on both offers received to date and the proposed agreement.

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

6.1 Option 1 - Do not proceed with the letting

- 6.1.1 This would leave the unit vacant. The Council would miss out on the rental income proposed and have to continue to meet vacant property costs.

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

- 7.1 To grant a new lease to Innovation Birmingham Limited, generating immediate resources for the Council and avoiding continued void holding costs.

**Signatures**

**Date**

Councillor Ian Ward  
Leader of the Council

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Waheed Nazir  
Director, Inclusive Growth

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**List of Background Documents used to compile this Report:**

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

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

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

**Report Version 5**

**Dated February 2019**