

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	CABINET
Report of:	DIRECTOR OF PROPERTY
Date of Decision:	28 JUNE 2016
SUBJECT:	DISPOSAL OF LAND AT GREAT CHARLES STREET, BIRMINGHAM
Key Decision: YES	Relevant Forward Plan Ref: 001899/2016
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
Relevant Cabinet Member(s):	THE LEADER OF THE COUNCIL – CLLR JOHN CLANCY
Relevant O&S Chairman:	CLLR MOHAMMED AIKHLAQ - CORPORATE RESOURCES AND GOVERNANCE O&S COMMITTEE
Wards affected:	LADYWOOD

1. Purpose of report:
1.1 This report updates Members on the disposal of land at Great Charles Street, Birmingham.
1.2 To inform Cabinet, following negotiations, of the revised terms that will, subject to the grant of planning consent, bring the site forward for comprehensive development. The terms of the transaction are set out in the report on the private agenda.
1.3 The site is shown edged black on the plan attached as Appendix 1 of this report.

2. Decision(s) recommended:
That Cabinet:
2.1 Notes this report

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<p>3. Consultation</p> <p>3.1 <u>Internal</u></p> <p>3.1.1 Ladywood Ward members were consulted with no comments received. Senior officers in Birmingham Property Services, Legal and Democratic Services and City Finance have been involved in the preparation of this report.</p> <p>3.2 <u>External</u></p> <p>3.2.1 None</p>	
<p>4. Compliance Issues:</p> <p>4.1 <u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u></p> <p>4.1.1 The proposal contributes towards the strategic outcomes outlined in the 'Council Business Plan and Budget 2016+', specifically Succeed Economically, by supporting regeneration through investment and generating a premium, subject to planning consent.</p> <p>4.2 <u>Financial Implications</u></p> <p>4.2.1 The disposal of the site will attract a significant premium to the council which will be applied in accordance with the capital receipts policy as approved in the Council Business Plan and Budget 2016+. Details of the premiums are contained in the private report.</p> <p>4.2.2 The loss of revenue income to the City Council as a consequence of the development of the site has previously been reported to Cabinet and will be covered by Policy Contingency on completion of the sale. This loss of income is currently estimated at £0.357m and relates to car parking income (£0.3m) and advertising/letting income (£0.057). External support may also be required to complete the development lease up to a value of £50,000. Funding for this will be provided for in line with statute which states that up to 4% of the future capital receipt may be used to fund disposal costs.</p> <p>4.2.3 Car parking and advertising lettings income will continue to be collected by the Council until such time that the sale of the site is completed following grant of planning consent.</p> <p>4.3 <u>Legal Implications</u></p> <p>4.3.1 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.</p> <p>4.4 <u>Public Sector Equality Duty</u></p> <p>4.4.1 An Equality Assessment (EA) was undertaken for this proposal, which confirms that a full EA is not required for the purposes of this report.</p>	

5.	Relevant background/chronology of key events:
5.1	The site has been identified as part of the Snow Hill District Area of Transformation in the Big City Plan. This is an important regeneration site within the masterplan's boundary with the potential to deliver a high quality built environment on a key route between the Jewellery Quarter and the City Core. The development of the site assists in the delivery of a key objective of the Big City Plan to transform the pedestrian links between St Pauls Church and St Phillips Cathedral.
5.2	The site was marketed and Cabinet approved the selection of a developer. Subsequently, a Development Agreement between parties was completed in March 2013 to formalise the drawdown of the site in a 4 phase scheme which was under pinned by a major office building, a residential building and new open space.
5.3	The proposed development has not been able to progress due to the economic downturn, viability issues and lack of occupier(s) interest. However, keen to see the development of the site, officers have maintained constructive dialogue with the developer. The revised proposals from the developer now focus on the shift in demand from office led development to residential. The developer is now motivated to bring the site forward for development (subject to planning consent) for a scheme that is invigorated by city centre developments at Paradise Circus and Arena Central. Revised terms for the Development Lease have been agreed.
5.4	Steps have been taken to strengthen the terms in the Development Lease such that the developer is incentivised to bring forward development quickly.
5.5	Approval to the decisions recommended in the private report will allow the Council to complete the disposal of the site conditional on grant of planning consent (details are noted in the private report). The proposed scheme will extend to 2 phases comprising of new apartments, serviced apartments and a hotel.
6.	Evaluation of alternative option:
6.1	Not to proceed to completion of the disposal would mean that the opportunity to develop the site is delayed and the realisation of the premium to the Council is also delayed.
7.	Reasons for Decision(s):
7.1	Completion of this disposal will bring this strategic site forward for development.
7.2	Completion of the sale will generate a premium.

Signatures	<u>Date</u>
Leader of the Council – Cllr John Clancy
Peter Jones, Director of Property

List of Background Documents used to compile this Report:
1. Cabinet Report 31st July 2006 2. Cabinet Member for Regeneration Report 15th November 2006 3. Cabinet Member for Regeneration Report 6th September 2007 4. Cabinet Report 11th December 2011 - Disposal of land at Great Charles Street, Birmingham

List of Appendices accompanying this Report (if any):
1. Appendix 1 – Site plan