

BIRMINGHAM CITY COUNCIL

CABINET MEMBER AND CHIEF OFFICER

MONDAY, 24 MAY 2021 AT 00:00 HOURS
IN CABINET MEMBERS OFFICE, COUNCIL HOUSE, VICTORIA
SQUARE, BIRMINGHAM, B1 1BB

A G E N D A

1 - 14

1 SALE OF PREMISES 395-397 LICHFIELD ROAD, ASTON, BIRMINGHAM
B6 7SS

Report of Acting Director; Inclusive Growth - Ian MacLeod
Director of Council Management (Interim) - Rebecca Hellard
City Solicitor and Monitoring officer - Suzanne Dodd

Birmingham City Council**Report to Leader and Cabinet Member Finance and Resources**18th May 2021

Subject: **Sale of Premises 395-397 Lichfield Road, Aston, Birmingham B6 7SS**

Report of: Acting Director; Inclusive Growth – Ian MacLeod
 Director of Council Management (Interim) – Rebecca Hellard
 City Solicitor and Monitoring Officer – Suzanne Dodd

Relevant O & S Chairs: Councillor Sir Albert Bore – Resources
 Councillor Shabrana Hussain – Economy & Skills

Report author: Rob King
 Business Manager - Property Services
 0121 303 3928 / robert.king@birmingham.gov.uk

Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Newtown		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Exempt information 12A of the Local Government Act 1972 (as amended) 3. Information relating to the financial or business affairs of any particular person (including the council) Exempt Appendix 2 contains sensitive commercial information on the purchase price and valuation.		

1 Executive Summary

- 1.1 This report seeks authority for the sale of the Council's freehold reversionary interest in Premises at 395-397 Lichfield Road, Aston, Birmingham, B6 7SS to the current lessee, Roderick Stockton of V S N Steels Ltd.
- 1.2 The subject property has a site area of 1858 sqm approximately and is shown edged bold on the attached plan at Appendix 1.
- 1.3 The report seeks authority under the delegation approved in the Property Investment Strategy report in July 2019, for the approval of acquisitions and disposals from, the Investment Property portfolio to the Leader and Cabinet Member for Finance and Resources, jointly with Director - Inclusive Growth, Chief Finance Officer and the City Solicitor (or their delegates) up to a limit of £25m in any one transaction.

2 Recommendations:

- 2.1 Authorises the Assistant Director of Property to conclude the sale of the Council's freehold reversionary interest, to the current lessee, Roderick Stockton of V S N Steels Ltd
- 2.2 Notes that the purchaser will pay a contribution towards the Council's surveyor's and legal costs, as detailed in Exempt Appendix 2.
- 2.3 Authorises the City Solicitor to prepare, negotiate, execute and complete all relevant legal documentation to give effect to the above.

3 Background

- 3.1 The subject property is an industrial warehouse currently held within the Council's Investment Portfolio. The property is located within a locality of established industrial / commercial uses within Aston.
- 3.2 The property is shown edged bold on the plan at Appendix 1 of this report.
- 3.3 The property is owned freehold subject to a lease for 75 Years from 13th October 1969, at a ground rent of £8,000 per annum (subject to 25 yearly rent reviews). The lease is currently held by Roderick Stockton of V S N Steels Ltd.
- 3.4 Following a comprehensive review of the Council's Investment Portfolio in 2020, the Council's interest in this property has been identified for potential sale.
- 3.5 In accordance with agreed process, terms have initially been offered to, and agreed with the current lessee to acquire the Council's freehold interest in the property.
- 3.6 The outcome of the negotiations and recommendations for sale are detailed at Exempt Appendix 2 of this report.
- 3.7 The proposed sale represents best consideration and has been validated by the Assistant Director of Property based upon analysis.
- 3.8 The City Council Financial Plan 2020-2024 and Financial Plan 2021-2025 approved in February 2021 approved the flexible use of capital receipts to support the transformation programme and it is proposed that the receipts from this disposal be allocated to support this programme.

4 Options Considered and Recommended Proposal

- 4.1 **Option 1 - Do Nothing.** The Council is under no obligation to proceed with the proposal and would suffer no reputational consequences if it did not proceed. It would not however, be in line with the aims of the Property Strategy or the external advice obtained to support delivery

of the Strategy. The negotiated capital receipt would not be realised at this time and would not be available to fund the Council's transformation programme and there would be no guarantee of a future opportunity.

- 4.2 **Option 2 – Dispose of the Property to Council Wholly Owned Company (WOC).** The site is not deemed to be of a strategic value to the Council or a significant development opportunity such that it would wish to retain overall control of the asset through transfer into a WOC. There is currently no Council WOC with the required legal agreements or funding mechanisms in place to facilitate a transaction of this nature and nor are there any existing Council approvals in place.
- 4.3 **Option 3 – Proceed with Agreed Transaction.** It is recommended to proceed with the transaction outlined in this report, in line with the aims of the Property Strategy and the external advice obtained to support delivery of the Strategy, in order to deliver a capital receipt to fund the Council's transformation programme and remove the Council management obligation.

5. Consultation

- 5.1 The Property Investment Board comprising officers from Property Services, Finance and Legal Services recommends proceeding with the transaction.
- 5.2 No further external consultation is necessary for this commercial transaction.

6. Risk Management

- 6.1 There are no immediate risks to the Council's holding if the transaction does not complete since its interests are protected under the terms of the existing lease. The 'risk' of not proceeding could only be seen of in terms of a lost opportunity to generate a potential capital receipt.

7. Compliance Issues:

- 7.1.1 The proposed sale transaction and generation of a capital receipt supports the Financial Plan 2021-2025 by generating resources and thus helping to achieve a balanced budget.
- 7.1.2 It is consistent with Birmingham City Council Plan and Budget 2018-2022 (2019 update) priorities as the additional income helps the Council to meet the aspirations to be an entrepreneurial city to learn, work and invest in – an aspirational city to grow up in, a fulfilling city to age well in, a great city to live in, a city where residents gain the most from hosting the Commonwealth Games and a city that takes a leading role in tackling climate change.
- 7.1.3 It supports the aims set out in both the Birmingham Property Strategy 2018-2023.

7.2 Legal Implications

- 7.2.1 Sections 120 - 123 of the Local Government Act 1972 authorises the Council and its solicitors to hold, appropriate and dispose of land. The disposal power in Section 123 of the Local Government Act 1972 is subject to the best consideration test. The Assistant Director of Property has confirmed that the recommended sale, as detailed in Exempt Appendix 2 represents best consideration and satisfies the Council's obligations, under Section 123 of the Local Government Act 1972.
- 7.2.2 Section 1 of the Localism Act 2011 contains the Council's general power of competence, which is circumscribed only to the extent of any applicable pre-commencement restrictions and any specific post-commencement statutory restriction

of the power, and Section 111 of the Local Government Act 1972 contains the Council's ancillary financial and expenditure powers in relation to the discharge of its functions including the disposal and acquisition of property.

- 7.2.3 The Local Government Act 2003 and guidance issued under it authorises the Council's investment management functions
- 7.2.4 Exempt information: 12A of the Local Government Act 1972 (as amended) 3. Information relating to the financial or business affairs of any particular person (including the Council). Exempt Appendices 2 is considered to be in the public interest as they contain commercially sensitive information of a financial or business nature, which if disclosed to the public could be prejudicial to a named person, individual or company.
- 7.2.5 The Council's in-house Legal team will complete all legal matters associated with the transaction.

7.3 Financial Implications

- 7.3.1 The transaction will generate a capital receipt for the Council, as set out in Exempt Appendix 2. The capital receipt will be available to fund the City Council's transformation programme, in line with the Financial Plan 2020-2024 and the Financial Plan 2021-2025 approved in February 2021, providing resources to support delivery of a balanced budget.
- 7.3.2 The property is currently subject to an annual rental of £8,000 per annum which will be lost to the City Council. This income forms part of the existing Property Services budget allocation. The loss of income will be mitigated on a one-off basis in 2021/22 from corporate resources and factored in on an ongoing basis with effect from 2022/23 as part of the City Council rolling Medium Term Financial Plan (MTFP) refresh.
- 7.3.3 As the property is currently let on full repairing and insuring terms (the lessee picks up all of those costs), the holding costs related to this asset are limited to the cost of BCC officer time incurred in managing the lease as part of the wider portfolio of properties, and not specifically recorded or measured.
- 7.3.4 The purchaser will pay a contribution towards the Council's professional costs related to the disposal as detailed in Exempt Appendix 2.

7.4 Human Resources Implications

- 7.4.1 Internal resources are being used to evaluate and execute the transaction.

7.5 Public Sector Equality Duty

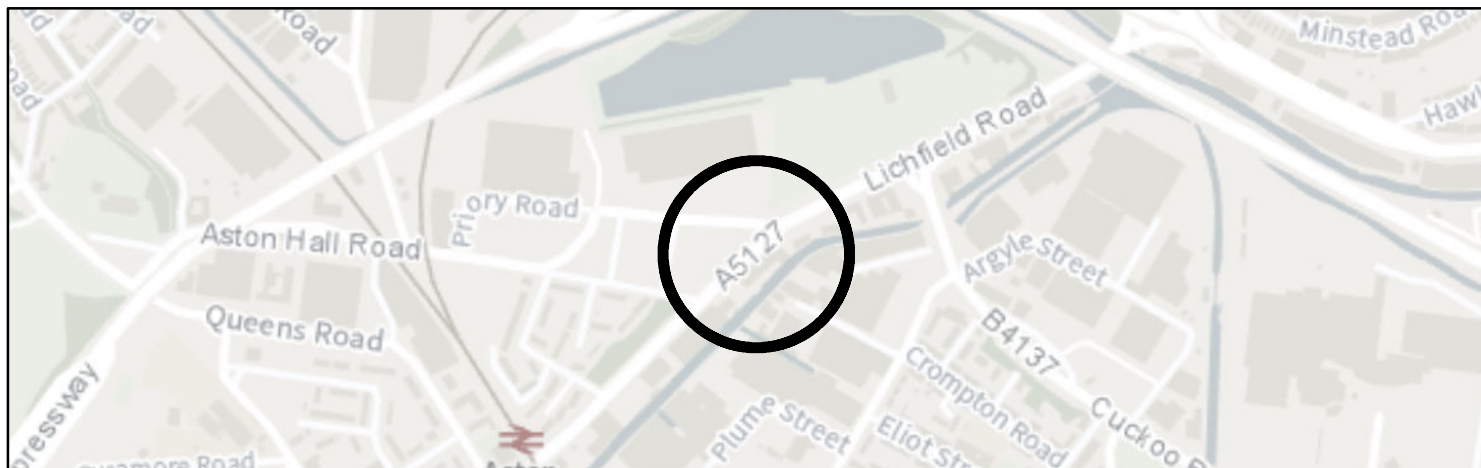
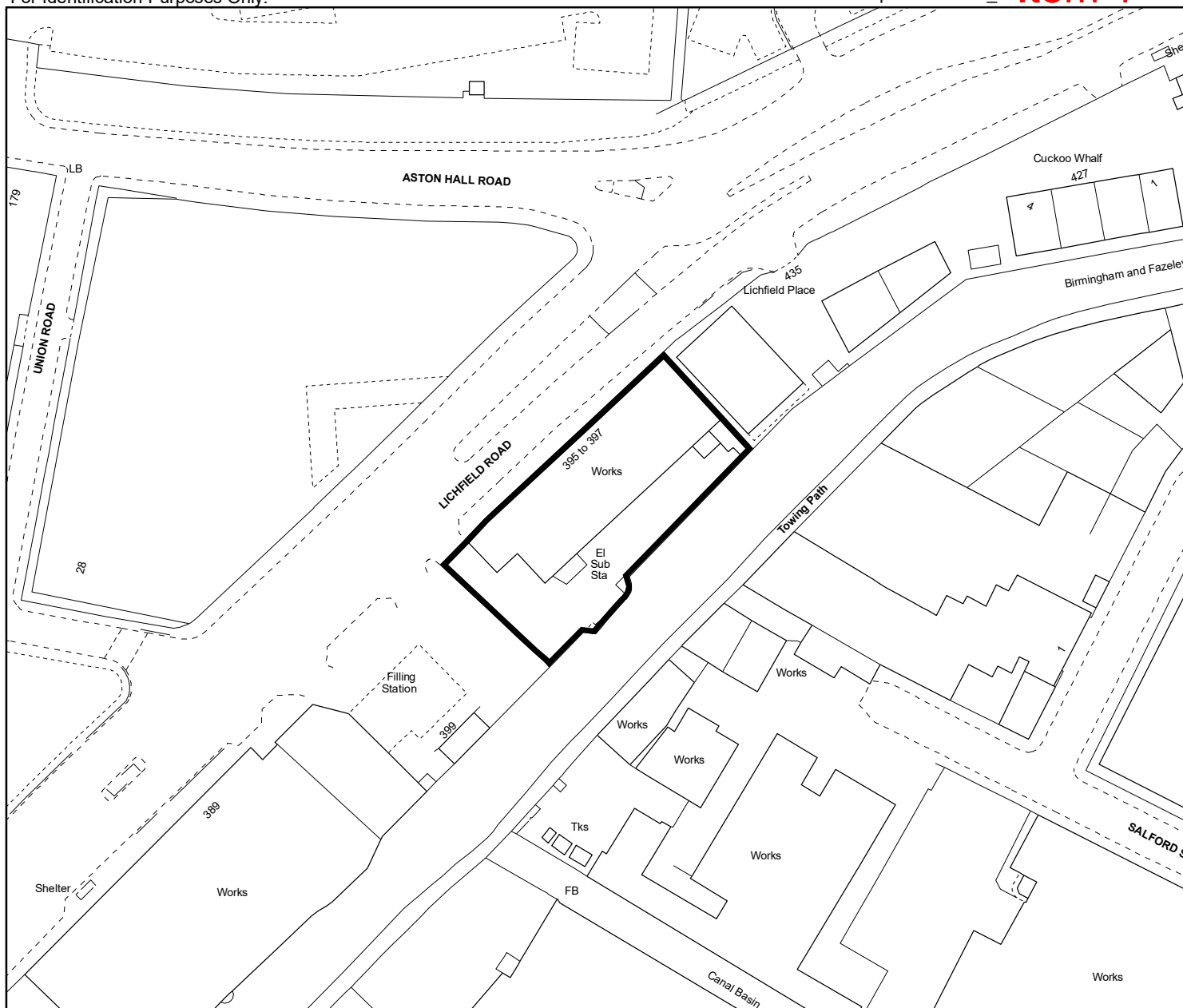
- 7.5.1 An Equality Assessment has been carried out EQUA665 dated March 2021 and is attached at Appendix 3. This identifies no adverse impacts on any groups protected under the Equality Act 2010.

8. Appendices

- 8.1 List of Appendices accompanying this report:
 - Appendix 1 – Site Plan
 - Appendix 2 - (Exempt) - Recommendations
 - Appendix 3 – Equality Assessment EQUA

9 Background Documents

- Property Strategy (Approved by Full Cabinet – November 2018)
- Property Investment Strategy (Approved by Full Cabinet – July 2019)



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Birmingham
City Council

Kathryn James
Assistant Director Property
Inclusive Growth Directorate
10 Woodcock Street
Birmingham, B7 4BG

**395-397 Lichfield Road
Nechells**



Scale (Main Map)

1:1,250

Drawn

MI

Date

26/03/2021

Title of proposed EIA	Sale of Premises 395-397 Lichfield Road, Aston, Birmingham, B6 7SS
Reference No	EQUA665
EA is in support of	New Function
Review Frequency	Annually
Date of first review	29/03/2022
Directorate	Inclusive Growth
Division	Property Services
Service Area	Property Valuation & Sales
Responsible Officer(s)	 Felicia Saunders
Quality Control Officer(s)	 Eden Ottley
Accountable Officer(s)	 Eden Ottley
Purpose of proposal	To seek authority for the sale of the Council's freehold reversionary interest in Premises 395-397 Lichfield Road, Aston, Birmingham, B6 7SS to the current lessee, Roderick Stockton of V S N Steels Ltd.
Data sources	Consultation Results; relevant reports/strategies
Please include any other sources of data	
ASSESS THE IMPACT AGAINST THE PROTECTED CHARACTERISTICS	
Protected characteristic: Age	Service Users / Stakeholders; Wider Community; Not Applicable
Age details:	It is not considered the sale of premises at 395-397 Lichfield Road will negatively impact on the grounds of age.
Protected characteristic: Disability	Service Users / Stakeholders; Wider Community; Not Applicable
Disability details:	It is not considered the sale of premises at 395-397 Lichfield Road will negatively impact on the grounds of disability.
Protected characteristic: Sex	Service Users / Stakeholders; Wider Community; Not Applicable
Gender details:	It is not considered the sale of premises at 395-397 Lichfield Road

	will negatively impact on the grounds of gender.
Protected characteristics: Gender Reassignment	Service Users / Stakeholders; Wider Community; Not Applicable
Gender reassignment details:	It is not considered the sale of premises at 395-397 Lichfield Road will negatively impact on the grounds of gender reassignment.
Protected characteristics: Marriage and Civil Partnership	Service Users/ Stakeholders; Wider Community; Not Applicable
Marriage and civil partnership details:	It is not considered the sale of premises at 395-397 Lichfield Road will negatively impact on the grounds of marriage.
Protected characteristics: Pregnancy and Maternity	Service Users / Stakeholders; Wider Community; Not Applicable
Pregnancy and maternity details:	It is not considered the sale of premises at 395-397 Lichfield Road will negatively impact on the grounds of pregnancy.
Protected characteristics: Race	Service Users / Stakeholders; Wider Community; Not Applicable
Race details:	It is not considered the sale of premises at 395-397 Lichfield Road will negatively impact on the grounds of race.
Protected characteristics: Religion or Beliefs	Service Users / Stakeholders; Wider Community; Not Applicable
Religion or beliefs details:	It is not considered the sale of premises at 395-397 Lichfield Road will negatively impact on the grounds of religion.
Protected characteristics: Sexual Orientation	Service Users / Stakeholders; Wider Community; Not Applicable
Sexual orientation details:	It is not considered the sale of premises at 395-397 Lichfield Road will negatively impact on the grounds of sexual orientation.
Socio-economic impacts	

Please indicate any actions arising from completing this screening exercise.

Please indicate whether a full impact assessment is recommended NO

What data has been collected to facilitate the assessment of this policy/proposal?

Consultation analysis

Adverse impact on any people with protected characteristics.

Could the policy/proposal be modified to reduce or eliminate any adverse impact?

How will the effect(s) of this policy/proposal on equality be monitored?

What data is required in the future?

Are there any adverse impacts on any particular group(s) No

If yes, please explain your reasons for going ahead.

Initial equality impact assessment of your proposal

The proposal seeks authority for the sale of the Council's freehold reversionary interest in premises 395-397 Lichfield Road, Aston, Birmingham, B6 7SS to the current lessee.

The property is an industrial warehouse currently held within the Council's Investment Portfolio and is located within a locality of established industrial / commercial uses within Aston.

Members of the community have not been disadvantaged or denied access to participating in this sale process.

Consulted People or Groups

Informed People or Groups

Summary and evidence of findings from your EIA

The Leader of the Council has been consulted and is supportive of the report proceeding to an executive decision. Property and Assets Board, Officers from Legal Services, City Finance, and other relevant officers from Inclusive Growth Directorate have been consulted.

The Property Investment Board comprising officers from Property Services, Finance and Legal recommend to proceed. Officers

from Legal Services, City Finance and other relevant officers from Inclusive Growth Directorate have been involved in the preparation and support its proposals.

As this is a routine commercial transaction between the Council as freeholder and the current lessee, neither Ward Member or external consultation is required.

The Community will not be disadvantaged from the proposed transaction.

The sale of premises at 395-397 Lichfield Road will provide opportunities and support members of the community in the regeneration of the area and create economic growth to employment and jobs.

Having reviewed all protected characteristics, it has been determined there are no issues which impact negatively on any members of the community and therefore a full equality assessment is not required.

QUALITY CONTORL SECTION

Submit to the Quality Control Officer for reviewing?

Yes

Quality Control Officer comments

Decision by Quality Control Officer

Proceed for final approval

Submit draft to Accountable Officer?

Yes

Decision by Accountable Officer

Approve

Date approved / rejected by the Accountable Officer

31/03/2021

Reasons for approval or rejection

Please print and save a PDF copy for your records

Yes

Julie Bach

Person or Group

Content Type: Item

Version: 34.0

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Last modified at 31/03/2021 02:57 PM by Workflow on behalf of  Eden Ottley

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