

Birmingham City Council

Report to Cabinet

15th December 2020



Subject: **PROPERTY PROSPECTUS 2 – DISPOSAL OF MULTI STOREY CAR PARK AT BRINDLEY DRIVE**

Report of: **ACTING DIRECTOR INCLUSIVE GROWTH**

Relevant Cabinet Member: **Councillor Ian Ward – Leader of the Council**

Relevant O &S Chair(s): **Councillor Lou Robson – Economy and Skills**
Councillor Sir Albert Bore – Resources

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Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, names of wards: Ladywood.		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: is 007284/2020		
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 Appendices 1 and 2 - Exempt Information paragraph 3 Information relating to the financial or business affairs of any particular person (including the council).		

1 Executive Summary

- 1.1 This report provides information on the outcome of the informal tender process for the disposal of the multi storey car park at Brindley Drive as part of the second phase of prospectus disposals, as detailed in the Disposal of Surplus Properties report approved by Cabinet on 25th June 2019. The report seeks approval to the subsequent sale of the multi storey car park at Brindley Drive Birmingham on a long leasehold basis.
- 1.2 The Exempt Appendix 1 and Exempt Appendix 2 contain confidential commercially sensitive information in relation to the tender process.

2 Recommendations

- 2.1 Approves the long leasehold disposal (250 year lease) of the Council owned property known as the multi storey car park at Brindley Drive, to the highest recommended offer as detailed in Exempt Appendix 1.
- 2.2 Authorises the Assistant Director Property Services to revert to the under bidders where appropriate should the recommended sale not proceed to completion.
- 2.3 Delegates approval of the final sale terms agreed under 2.2 above to the Assistant Director Property Services in consultation with the Leader of the Council.
- 2.4 Notes the loss of car parking income resulting from the disposal and the mitigations approved as part of the Disposal of Surplus Properties report to Cabinet on 25th June 2019.
- 2.5 Notes the loss of advertising income from the Brindley Car Park Advertising Banner resulting from the disposal and that this is being factored into the 2021/22+ Medium Term Financial Plan budget process in order to mitigate the impact.
- 2.6 Authorises the City Solicitor to negotiate, execute and complete all relevant documentation to give effect to the above recommendations.

3 Background

- 3.1 The strategic approach was outlined in a report of the Director, Inclusive Growth entitled "Property Strategy 2018/19-2023/24 (the Property Strategy) approved by Cabinet in November 2018. The multi storey car park at Brindley Drive was declared surplus in the 'Disposal of Surplus Properties' report approved by Cabinet on 22nd May 2019, as shown edged black on the plan attached at Appendix 5.
- 3.2 The property is located alongside and to the rear of the listed Baskerville House building, the Library of Birmingham and close to the International Convention Centre. The property is situated adjacent to the Paradise Circus redevelopment and its development will complement the regenerated public realm of Centenary Square. The site is currently occupied by a five-storey decked car park which will be demolished by the purchaser following the grant of planning approval and the completion of the sale.
- 3.3 The property has been offered for sale to the open unrestricted market through a two-stage informal tender process by the Birmingham Sites Brindley Drive Prospectus (June 2019) as shown in Appendix 6. First stage bids were invited by 29th July 2019 and final bids by the closing date of 16th September 2019 on a conditional (subject to planning) basis. To assist prospective bidders, planning workshops were held to facilitate and provide guidance and advice following discussion in relation to potential development proposals.
- 3.4 The property has been marketed on an unrestricted basis to ensure provision of the maximum return to the Council and to ensure any development proposals brought forward by the successful bidder will be protected by the prevailing planning policy in accordance with the Birmingham Development Plan.

- 3.5 All received offers (as detailed in Exempt Appendix 2) were reviewed and evaluated based on the level of financial offer, the proposed scheme plan/layout and previous experience as requested. A panel comprising officers from Property and Legal Services reviewed and evaluated the offers.
- 3.6 The tender report detailing the outcome of the process is appended as Exempt Appendix 1 and provides confidential tender information
- 3.7 The recommended disposal represents best consideration and has been validated by the Assistant Director Property Services based upon analysis of the offers received.

4 Options considered and Recommended Proposal

4.1 Option 1 – Do Nothing: Not to proceed would mean:

4.1.1 Not realising the benefits detailed under 4.2 below. However, the existing income generated from the site through car parking and advertising would continue to be received and would therefore not represent a budget impact requiring mitigation.

4.2 Option 2 – Proceed with the Sale: The disposal of the subject property will:

- 4.2.1 Promote private investment into the city region economy and regeneration. Disposal of the car park will enable redevelopment of the site to deliver new buildings to complement the nearby Paradise Circus and Centenary Square project.
- 4.2.2 Deliver a substantial capital receipt to be reinvested.
- 4.2.3 Support Transport policy to reduce car parking capacity in the city centre as detailed in 5.4 below.
- 4.2.4 Eliminate the need for continuing and future repair and management of an aging car park structure.

5. Consultation

- 5.1 The relevant Ward Members have been consulted and the Ward Members for Ladywood ward have commented that they “can support the closure and demolition of the car park, once the new Paradise car park is operational, and then the development of the site”. The detail of consultation is set out in Appendix 3 of this report.
- 5.2 Emailed enquiries were sent on 28th, 29th and 30th July to neighbouring operators and identified stakeholders. The detail of consultation is set out in Appendix 3 of this report. Comments received are deemed to be satisfied by the provision of up to 550 new high specification car parking spaces now constructed within the nearby Paradise Circus development scheme which is programmed to be opened December 2020 operated as Chamberlain Square Car Park. A plan showing the location of the Brindley Drive car park in relation to the new Chamberlain Square Car Park is shown as Appendix 7 to this report.
- 5.3 Consultation with the Assistant Director Transport and Connectivity confirms that from a policy perspective there is a need to reduce car parking capacity in the city centre. A 2016 study on parking in the city centre demonstrated that there is a

significant over provision of parking, equivalent to almost 10,000 spaces. Other relevant findings were as follows:

- The current number of PNR (Private Non-Residential) long stay spaces per worker in the city centre is significantly higher than other comparable cities (Manchester and Nottingham).
- The proposed growth levels in Birmingham identified in the BDP 2031 could be accommodated without any further additional long stay parking being provided or replaced – this would bring the levels of ‘spaces per worker’ in line with other comparable cities (from 0.37/worker to 0.22/worker – Manchester was found to be currently 0.22/worker).

6. Risk Management

- 6.1 ***Inability to meet property market timelines:*** To meet the expectations of the prevailing property market the Council has committed to deliver a second programme of land and property sales in accordance with the Delivery Milestones set out in the Birmingham Sites Brindley Drive Prospectus (Appendix 6). Approval of this report will support adherence to these milestones and enable earmarked capital receipts to be realised.
- 6.2 ***Interim reduction in existing income.*** The disposal of assets will impact upon the generation of car parking and advertising income built into the Council’s existing budgets. The reduction in fee income from this disposal and associated mitigation measures is detailed in the finance section below and in Exempt Appendix 1.

7. Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council’s priorities, plans and strategies?

- 7.1.1 As the largest local authority in the country with the biggest property portfolio, the Council has the opportunity to utilise its property and land assets in a strategic way to deliver its priorities. The Property Strategy (supported by the Property Investment Strategy approved by Cabinet on 31st July 2019) outlines a medium to long term strategic approach in terms of the way in which the City Council will utilise its commercial property assets and will ensure a balanced delivery of maximised commercial and social returns. Re-aligning the Council’s commercial property portfolio will provide a catalyst for development and underpin the social fabric of communities across the city.
- 7.1.2 The Property Strategy is aligned with the strategic outcomes outlined in the Council Plan 2018-2022 (as updated in 2019) – to create a city of growth where every child, citizen and place matters. Delivery of the Property Strategy (including the disposal of surplus property assets on the open market and earmarking capital receipts for reinvestment) will help to support the aims of making Birmingham: an entrepreneurial city to learn, work and invest in.
- 7.1.3 The Birmingham Development Plan and Birmingham Connected support the reduction of carbon emissions to mitigate against climate change in

planning and development, sustainable transport and parking. Any development proposals brought forward will be in accordance with the Birmingham Development Plan and in the context of Birmingham Connected encouraging the increased use of public transport, walking and cycling.

7.1.4 The draft Birmingham Transport Plan sets out a big move in ‘managed demand for travel by car through parking measures such as availability, pricing and restrictions. This includes the following guiding principle:

- Commuter car parking will be limited in areas which are well serviced by public transport, such as the city centre.
- The plan also sets out the aspiration that in strategically important locations, such as the Enterprise Zone covering central Birmingham, valuable land in short supply should be used in the most productive way possible; repurposing car parking space where appropriate.

It is essential that private car usage is curtailed in Birmingham to support Climate Change and Air Quality targets and to manage the economic and environmental damage caused by congestion on the road network.

There is therefore sound policy justification for the closure of Brindley Drive (Paradise Circus) Multi-Storey Car Park, Cambridge Street.

7.2 Legal Implications

7.2.1 The power to hold, appropriate and dispose of land is contained in Sections 120 - 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 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 information in Exempt Appendices 1 and 2 is commercially sensitive with regard to the tender process. Exempt information is set out in section 12A of the Local Government Act 1972 (as amended) and includes information relating to the financial or business affairs of a particular person (including the council). The Exempt Appendices are 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, individual or company.

7.3 Financial Implications

7.3.1 All offers received are detailed in the individual tender report attached as Exempt Appendix 2. Conditional offers received are required to exchange contracts within six weeks and pay a 10% non-refundable deposit, with the balance of the purchase monies payable 28 days after unchallenged receipt of planning approval.

- 7.3.2 The purchasers will be responsible for paying the Council's reasonable surveyors and legal fees.
- 7.3.3 The disposal will generate a capital receipt allocated to the Non-Investment Portfolio in line with the Property Strategy, Exempt Appendix 1 provides the detailed financial information. The capital receipt will be available to support the Council priorities, subject to the Council governance process.
- 7.3.4 Non-Investment Portfolio - Disposal of existing car parking income generating assets will result in a reduction in net revenue income. The Disposal of Surplus Properties report to Cabinet on 25th June 2019, included the following:

Table 1 Non-Investment Portfolio

Address	Ward / Portfolio	Tenure	Gross Income Budget 2019/20 £m	Gross Expenditure Budget 2019/20 £m	Net Income Budget Foregone 2019/20 £m
Multi storey car park Brindley Drive, City Centre	Ladywood	Grant of a new 250-year lease	(0.938)	0.215	(0.723)
Totals			(0.938)	0.215	(0.723)

It is to be noted that the Council's Medium Term Financial Plan (MTFP) includes the net revenue income detailed above. In order to address the shortfall in income, the following mitigations have been identified:

7.3.4.1 Multi Storey Car Park Brindley Drive City Centre:

Inclusive Growth Directorate Mitigation £0.110m – This will be delivered through an increase to the Civil Parking Enforcement net income budget. Analysis of the outturn position for the previous three financial years indicates that this increased annual net income will be deliverable on an ongoing basis.

Corporate Mitigation £0.613m – It has been agreed that the shortfall in income will be funded through an ongoing corporate budget adjustment. The capital receipt from the disposal of the car park will be used to repay Council debt generating treasury management savings sufficient to compensate. Should the final proposed disposal terms result in the capital receipt generated being insufficient to support this level of ongoing revenue mitigation, the Inclusive Growth Directorate will be required to identify additional mitigations to bridge the gap in order to enable the disposal to progress.

7.3.4.2 These mitigations were approved as part of the Disposal of Surplus Properties report to Cabinet on 25th June 2019.

- 7.3.5 The disposal of the car park will result in a loss of advertising income from the Brindley Car Park Advertising Banner. Details are provided in Exempt Appendix 1. This loss of income is being factored into the 2021/22+ Medium Term Financial Plan budget process in order to mitigate the impact.

7.4 Procurement Implications

- 7.4.1 N/A

7.5 Human Resources Implications

- 7.4.1 Internal professional property, legal and planning resources only have thus far been utilised to deliver this disposal generated by the Birmingham Sites Brindley Drive Prospectus.

7.6 Public Sector Equality Duty

- 7.6.1 The Birmingham Sites Brindley Drive Prospectus (June 2019) disposals programme has been undertaken in accordance with the stated aims of the Property Strategy and the Property Investment Strategy. The Property Strategy is a policy document setting out the strategy principles associated with property assets and at this stage there are no specific implications. An Equality Assessment Ref. EQUA573 dated 09th October 2020 is attached as Appendix 4. The assessment confirms there is no adverse impact on the characteristics and groups protected under the Equality Act 2010 and a full Equality Assessment is not required for the purpose of this report.

8. Appendices

1. Exempt Appendix 1
2. Exempt Appendix 2
3. External Consultation
4. Equality Assessment
5. Site Plan
6. Birmingham Sites Brindley Drive Prospectus
7. Plan of the Brindley Drive car park and the new Chamberlain Square Car Park.

9. Background Documents

- 9.1 Property Strategy 2018/19-2023/24 – Cabinet report 13th November 2018
- 9.2 Disposal of Surplus Properties – Cabinet report 25th June 2019
- 9.3 Property Investment Strategy – Cabinet report dated 31st July 2019