BIRMINGHAM CITY COUNCIL

CABINET MEMBER AND CHIEF OFFICER

THURSDAY, 17 FEBRUARY 2022 AT 00:00 HOURS
IN CABINET MEMBERS OFFICE, COUNCIL HOUSE, VICTORIA SQUARE, BIRMINGHAM, B1 1BB

A G E N D A

3 - 16 1 **SALE OF 113 ADDERLEY ROAD, BIRMINGHAM B8 1LD**

Report of
Strategic Director for Place, Prosperity and Sustainability – Paul Kitson
Director of Council Management – Rebecca Hellard
City Solicitor and Monitoring Officer – Satinder Sahota

17 - 30 2 **SALE OF FREEHOLD – 2 TO 10 CRANBY STREET, SALTLEY, BIRMINGHAM B8 1JL**

Report of
Strategic Director for Place, Prosperity and Sustainability – Paul Kitson
Director of Council Management – Rebecca Hellard
Interim City Solicitor and Monitoring Officer – Satinder Sahota

31 - 44 3 **SALE OF 49-50 CRAWFORD STREET, BIRMINGHAM B8 1JL**

Report of
Strategic Director of Place, Prosperity and Sustainability – Paul Kitson
Director of Council Management – Rebecca Hellard
City Solicitor and Monitoring Officer – Satinder Sahota

45 - 58 4 **HS2 CURZON STATION ENHANCED PUBLIC REALM PROJECT – REVISED DEVELOPMENT BUDGET**

Strategic Director of Place, Prosperity and Sustainability

59 - 72 5 **SALE OF PREMISES AT 166 WARSTONE LANE, BIRMINGHAM, B18 6NN**

Report of
Strategic Director for Place, Prosperity and Sustainability – Paul Kitson
Director of Council Management – Rebecca Hellard
City Solicitor and Monitoring Officer (Interim) – Satinder Sahota

Birmingham City Council

Report to Leader and Cabinet Member Finance and Resources

2nd December 2021

Subject:	**Sale of 113 Adderley Road, Birmingham B8 1LD**
Report of:	Strategic Director of Place, Prosperity and Sustainability – Paul Kitson Director of Council Management – Rebecca Hellard City Solicitor and Monitoring Officer – Satinder Sahota
Relevant O & S Chairs:	Councillor Mohammed Aikhlaq – Resources Councillor Saima Suleman – Economy & Skills
Report author:	Warren Bird Strategic Investment Property Manager - Property Services Contact: 07980 672 893 / warren.bird@birmingham.gov.uk

Are specific wards affected? Alum Rock	☒ Yes	☐ No
Is the decision eligible for call-in?	☒ Yes	☐ No
Does the report contain confidential or exempt information? Exempt information Schedule 12A of the Local Government Act 1972 (as amended) Paragraph 3. Information relating to the financial or business affairs of any particular person (including the council) Exempt Appendices 2, 3 and 4 contain sensitive commercial information on the purchase price and valuation.	☒ Yes	☐ No

1 Executive Summary

1.1 This report seeks authority for the sale of the Council owned premises at 113 Adderley Road, Alum Rock, Birmingham B8 1LD to the current tenant.

1.2 The subject site has a site area of 1,073 sqm approximately and is shown edged bold on the attached plan at Appendix 1.

1.3 The report seeks authority under the delegated authority in Section E3.2 (xi) of Part E of the Constitution, 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, City Finance Officer and the City Solicitor (or their delegates) up to a limit of £25m in any one transaction.

1.4 The recommendations contained in this and the Exempt Appendix 2 & 3 are fully in line with the Council's wider ambitions and plans for inclusive growth and financial stability. The recommendations are in accordance with the Birmingham City Council Plan and Budget 2018-2022 and the Property Strategy.

1.5 Options for this land have been fully considered and the sale of the site provides the best outcomes for the City as detailed in the Exempt Appendix 2.

2 Recommendations:

2.1 Authorise the Assistant Director of Property to conclude an unconditional sale of the premises at 113 Adderley Road, Alum Rock, Birmingham B8 1LD as shown edged bold on attached plan at Appendix 1 and extending to 1,073sqm.

2.2 Note that the purchaser will pay a contribution towards the Council's surveyor's and legal costs, as detailed in Exempt Appendix 2.

2.3 Note that to demonstrate their commitment, the purchaser has agreed to provide a deposit payment of 10% of the purchase price as detailed in Exempt Appendix 2 (which would be deductible in the event of sale completion).

2.4 Authorise 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 land is currently held within the Council's Investment Portfolio and located within an area of similar commercial uses close to the city centre. The property is owned freehold by the City Council currently held under a lease to the intended purchaser. The current use is as that of a Used Car Sales lot and general yard.

3.2 The property is owned freehold subject to a lease from 11th June 2021 for a period of three years (less 1 day) and has a current gross rental income of £0.019m per annum.

3.3 Following a comprehensive review of the Council's Investment Portfolio supported by appointed advisors Avison Young in 2020, the Council's interest in this property has been identified for potential sale.

3.4 In accordance with the current process, Avison Young (on behalf of the City Council) have offered and negotiated terms with the current lessee for the sale of the Council's freehold interest in the property.

3.5 The outcome of the negotiations and recommendations for sale are detailed in Exempt Appendix 2.

3.6 Under the terms of an unconditional sale the purchaser will be required to proceed to an exchange of contracts within 10 days of receipt of appropriate legal documentation with completion set for 10 working days thereafter.

3.7 The proposed sale represents best consideration and has been validated by the Assistant Director of Property based upon an analysis of the financial terms of the recommended sale, consideration the Council's Property Strategy, and wider aspirations and ambitions for the City

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 for 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 therefore would not be made available to help fund the City Council's transformation programme and there would be no guarantee of a future opportunity. The property is not allocated, nor does it have planning consent for an alternative use and is therefore not an immediate development opportunity. The property does not have an obvious alternative use which would benefit the Council.

4.2 **Option 2 – Dispose of the Property to Council Wholly Owned Company (WOC)** The property 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. In addition, there is limited income from the property to support and fund a sale of this nature.

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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 and risk. The sale to the lessee will give the tenant the ability to invest in the asset and secure a local business with the possibility of job protection and possible creation.

5. Consultation

5.1 The Property Investment Board comprising officers from Property Services, Finance and Legal recommends proceeding with the transaction.

5.2 No further external consultation is necessary for this commercial transaction.

5.3 As this is a directly negotiated sale with the tenant, as part of an agreed sales programme, no consultation with ward members is necessary.

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. There is a potential risk to the income element if the sale was to not proceed and new lease terms could not be agreed at the end of the lease period.

6.2 The 'risk' of not proceeding could only be seen in terms of a lost opportunity to generate a capital receipt for potential reinvestment via a sale of the Council's interest in the property.

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 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 to acquire, 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: Schedule 12A of the Local Government Act 1972 (as amended) Paragraph 3. Information relating to the financial or business affairs of any particular person (including the Council). Exempt Appendices 2, 3 and 4 are considered to be in the public interest to keep confidential 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 occupied under the terms of a short-term lease agreement and generates an income of £0.019m which will be lost to the City Council. This income forms part of the existing Property Services income budget and 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 an occupied site, annual costs are limited to the cost of repair & maintenance/statutory works that the City Council is obligated to carry out and City Council officer time incurred in managing the asset as part of the wider city centre portfolio of properties. City Council officer time is not specifically recorded or measured for this portfolio of properties. Should the property be vacant at any time, costs will significantly increase.

7.3.4 The purchaser will pay a contribution towards the City Council's professional costs related to the disposal as detailed in Exempt Appendix 2.

7.3.5 The purchase price is exclusive of VAT. However, as the City Council has not opted to tax the site, nor intends to do so prior to the disposal, VAT is not chargeable on the purchase price.

7.4 **Human Resources Implications**

7.4.1 Internal resources and external agents are used to evaluate and execute the transaction.

7.5 **Public Sector Equality Duty**

7.5.1 An Equality Assessment has been carried out EQUA798 dated 9/12/2021 and is attached at Appendix 4. This identifies no adverse impacts on any groups protected under the Equality Act 2010.

8. Appendices

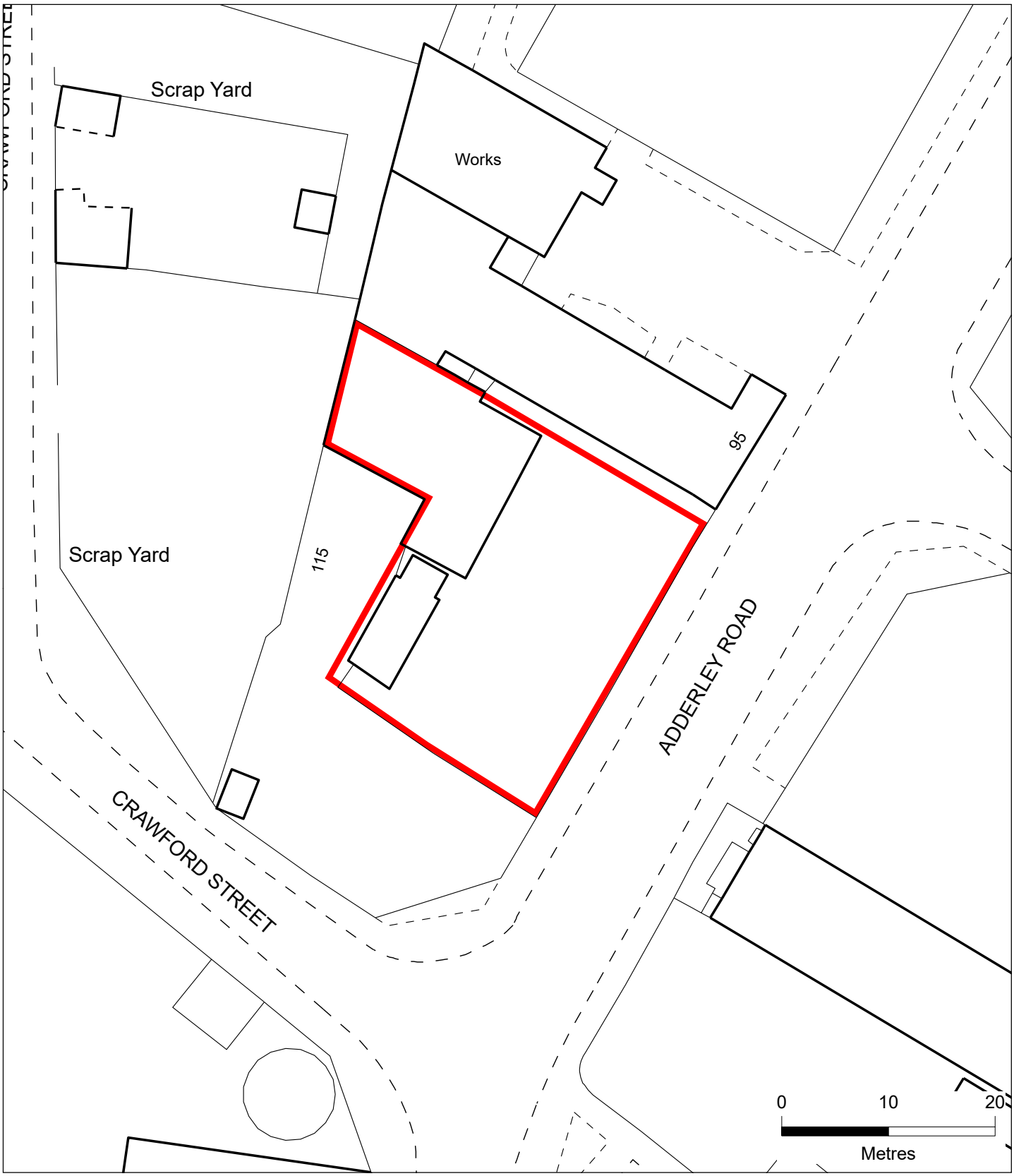
8.1 List of Appendices accompanying this Report (if any):

- Appendix 1 – Site Plan
- Appendix 2 - (Exempt) – Recommendations
- Appendix 3 - (Exempt) – Recommendation Report and Heads of Terms
- Appendix 4 – Equality Assessment EQUA798

9 Background Documents

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

DRAWING NO. 19199



AREA EDGED RED 897 SQ. METRES APPROX. 1073 SQ. YARDS APPROX.

Birmingham City Council

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

Land at
113 Adderley Road
Alum Rock

SCALE	DRAWN	DATE
1:500	Bharat Patel	25/05/2021

O.S.Ref SP0987NW

Produced by the Survey and Mapping Team, Transportation and Connectivity, Inclusive Growth Directorate, 1 Lancaster Circus, Birmingham, B4 7DJ Tel. 303 3867.
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Item 1

Title of proposed EIA	Sale of 113 Adderley Road, Birmingham B8 1LD
Reference No	EQUA798
EA is in support of	New Function
Review Frequency	Annually
Date of first review	08/12/2022
Directorate	Inclusive Growth
Division	Property Services
Service Area	Investment Property Management
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 owned freehold land at 113 Adderley Road, B8 1LD to the existing tenant
Data sources	Consultation Results; relevant reports/strategies; relevant research
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:	The sale of 113 Adderley Road will not have a negative impact on the grounds of age due to the fact any sale will have to be to an individual of an adult age.
Protected characteristic: Disability	Service Users / Stakeholders; Wider Community; Not Applicable
Disability details:	The sale of 113 Adderley Road will not have a negative impact on the grounds of disability. However, subject to future use the purchaser/new owner would be responsible for any access to work obligations.
Protected characteristic: Sex	Service Users / Stakeholders; Wider Community; Not Applicable
Gender details:	The sale of 113 Adderley Road has

Gender details:	The sale of 113 Adderley Road has been a negotiation with the existing tenant and will not be conducted on the basis of gender. Therefore, there are no negative impacts in relation to this protected characteristic.
Protected characteristics: Gender Reassignment	Service Users / Stakeholders; Wider Community; Not Applicable
Gender reassignment details:	The sale of 113 Adderley Road has been a negotiation with the existing tenant and will not be conducted on the basis of gender reassignment. Therefore, there are no negative impacts in relation to this protected characteristic.
Protected characteristics: Marriage and Civil Partnership	Service Users/ Stakeholders; Wider Community; Not Applicable
Marriage and civil partnership details:	There are no known conditions for which this asset at 113 Adderley Road will be disposed of in the context of marital status. It has been conducted on a negotiation with the existing tenant. Therefore there are no negative impacts or implications for this characteristic.
Protected characteristics: Pregnancy and Maternity	Service Users / Stakeholders; Wider Community; Not Applicable
Pregnancy and maternity details:	There are no criteria which prevent pregnant individuals wishing to purchase land at 113 Adderley Road, Birmingham B8 1LD, as it has been a negotiation with the existing tenant. By implication there will be no negative impact on the grounds pregnancy.
Protected characteristics: Race	Service Users / Stakeholders; Wider Community; Not Applicable
Race details:	The sale of 113 Adderley Road has been a negotiation with the existing tenant and will not be conducted on the basis of race. Therefore, there are no negative impacts in relation to this protected characteristic.

Protected characteristics: Religion or Beliefs	Service Users / Stakeholders; Wider Community; Not Applicable
Religion or beliefs details:	The sale of 113 Adderley Road has been a negotiation with the existing tenant and will not be conducted on the basis of religion. Therefore, there are no negative impacts in relation to this protected characteristic.
Protected characteristics: Sexual Orientation	Service Users / Stakeholders; Wider Community; Not Applicable
Sexual orientation details:	The sale of 113 Adderley Road has been a negotiation with the existing tenant and will not be conducted on the basis of sexual orientation. Therefore, there are no negative impacts in relation to this protected characteristic.
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	To authorise the sale of 113 Adderley Road, Birmingham B8 1LD for an appropriate premium to the existing tenant. The site is currently held within the Council's Commercial Portfolio and located within a locality of similar commercial uses close to the City Centre. The purchaser will pay a contribution

towards the Council's surveyor's and legal costs.

The sale represents an appropriate consideration and has been validated by the Assistant Director of Property.

Consulted People or Groups

Informed People or Groups

Summary and evidence of findings from your EIA

The Property Investment Board comprising officers from Property Services, Finance and Legal recommends proceeding with the transaction.

As this is a directly negotiated sale with the tenant, as part of an agreed sales programme, no consultation with Ward Members is required.

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.

There are additional holding costs related to this asset for the cost of BCC officer time incurred in managing the estates as part of the wider city portfolio.

This site has been identified as an asset the City Council should consider disposing of.

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

QUALITY CONTROL SECTION

QUALITY CONTROL 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	09/12/2021
Reasons for approval or rejection	
Please print and save a PDF copy for your records	Yes

Content Type: Item
Version: 20.0
Created at 08/12/2021 03:13 PM by Felicia Saunders
Last modified at 09/12/2021 10:22 AM by Workflow on behalf of Eden Ottley

Close

Birmingham City Council

Report to Leader and Cabinet Member Finance and Resources

15th November 2021

Subject:	**Sale of Freehold – 2 to 10 Cranby Street, Saltley, Birmingham B8 1JL**
Report of:	Strategic Director of Place, Prosperity and Sustainability – Paul Kitson Director of Council Management – Rebecca Hellard Interim City Solicitor and Monitoring Officer – Satinder Sahota
Relevant O & S Chairs:	Councillor Mohammed Aikhlaq – Resources Councillor Saima Suleman – Economy & Skills
Report author:	Warren Bird Strategic Investment Property Manager - Property Services Contact: 07980 672 893 / warren.bird@birmingham.gov.uk

Are specific wards affected? Alum Rock	☒ Yes	☐ No
Is the decision eligible for call-in?	☒ Yes	☐ No
Does the report contain confidential or exempt information? Exempt information Schedule 12A of the Local Government Act 1972 (as amended) paragraph 3. Information relating to the financial or business affairs of any particular person (including the council) Exempt Appendices 2, 3, 4 and 5 contain sensitive commercial information on the purchase price and valuation and terms.	☒ Yes	☐ No

1 Executive Summary

1.1 This report seeks authority for the sale of the Council owned scrapyard/industrial premises at 2-10 Cranby Street, Saltley, Birmingham B8 1JL to the occupying tenant.

1.2 The subject site has an area of 0.32 acres approximately and is shown edged bold on the attached plan at Appendix 1.

1.3 The report seeks authority under the delegation in paragraph 3.2 (xi) of part E of the Constitution , 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, City Finance Officer and the City Solicitor (or their delegates) up to a limit of £25m in any one transaction.

1.4 The recommendations contained in this report and the Exempt Appendices 2 and 3 are fully in line with the Council's wider ambitions and plans for inclusive growth and financial stability. The recommendations are in accordance with the Birmingham City Council Plan and Budget 2018-2022 and the Property Strategy.

1.5 Options for this site have been fully considered and the sale of the site provides the best outcomes for the city as detailed in the Exempt Appendix 2 and 3.

2 Recommendations:

2.1 Authorise the Assistant Director of Property to conclude an unconditional sale of the Council owned scrapyard/industrial premises at 2-10 Cranby Street, Birmingham B8 1JL as shown edged bold on attached plan at Appendix 1, and extending to 0.32 acres, to the occupying tenant for a premium as detailed in Exempt Appendix 2. .

2.2 The purchaser will also pay a contribution towards the Council's surveyor's and legal costs, as detailed in Exempt Appendix 2.

2.3 Authorise the City Solicitor to prepare, negotiate, execute and complete all relevant legal documentation to give effect to the above.

2.4 Note that to demonstrate their commitment, the purchaser has agreed to provide a "cash payment" deposit as detailed in Exempt Appendix 2 (which would be deductible in the event of sale completion).

3 Background

3.1 The subject site is currently held within the Council's Commercial Portfolio and located within a locality of Industrial and commercial uses close to the city centre. The site is comprised of a yard measuring approximately 1,570 sq yds (0.32 acres) to be used for vehicle dismantling and is one of a number in the vicinity let by the City Council. The yard itself is bounded by high-level concrete sectional and brick walls. Internally, it is mainly concrete surfaced but with an area of tarmac.

3.2 The site is owned freehold by the City Council with the site currently let to the occupier under a lease term of 5 years from 24th June 2018.

3.3 The premises have been analysed by our appointed external agents (Avison Young) in line with both the Property Strategy (approved by Cabinet in 2018) and the Investment Strategy

(approved by Cabinet in 2019) and the estate has been identified as an asset the City Council should consider disposing of due to the risk of future degeneration requiring increased Estate Management input and anticipated significant capital outlay, thus reducing net income. In addition, the current state of the market is strong and providing positive returns. The property has a current gross rental income of £0.019m per annum.

3.4 In accordance with the current process, Avison Young (on behalf of the City Council) have offered and negotiated terms with the current lessee for the sale of the Council's freehold interest in the property.

3.5 The outcome of the negotiations and recommendations for sale are detailed in Exempt Appendices 2 and 3.

3.6 Under the terms of an unconditional sale, the purchaser will be required to proceed to an exchange of contracts within 6 weeks of the issue of legal documentation (following authorisation) with completion within 8 weeks thereafter.

3.7 The proposed sale represents best consideration and has been validated as such by the Assistant Director of Property based upon analysis of the bidder's proposals and taking into consideration the Council's Property Strategy and wider aspirations and ambitions for the city. The offer represents the least risk to the Council in terms of deliverability and overall conditionality.

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 therefore would not be made available to help fund the City Council's transformation programme and there would be no guarantee of a future opportunity.

The site is not allocated, nor does it have planning consent for an alternative use and is subject to a current occupational agreement and is therefore not an immediate development opportunity. The property does not have an obvious alternative use which would benefit the Council.

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 BCC would wish to retain overall control of the asset through transfer into a WOC. In addition, the income is considered a high-risk factor due to the short-term nature of the agreement and level of rental providing a barrier for growth. Large scale capital expenditure is likely to be needed in the future if the site were to become vacant, which would significantly reduce the net income from the site and would not be realized by the proportionate increase in anticipated rental levels.

4.3 **Option 3 – Property Retained for Reuse and/or Development by the Council.** In accordance with the Council's property procedures, the property prior to being offered for sale to the occupying tenant has been considered for potential internal reuse, and/or development by the Council to support its business priorities, but was disregarded due to the high costs associated with repurposing and being able to provide vacant possession.

4.4 **Option 4 – 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 and risk. The purchaser intends to continue with his current business model and invest in the current site.

5. Consultation

5.1 The Property Investment Board comprising officers from Property Services, Finance and Legal recommends proceeding with the transaction.

5.2 The transaction is also recommended by appointed external agent Avison Young – see Recommendation Report at Exempt Appendix 3.

5.3 As this is a directly negotiated sale, as part of an agreed sales programme, no consultation with ward members is necessary.

5.4 No external consultation is necessary for this commercial transaction.

6. Risk Management

6.1 To meet the expectations of the prevailing property market, the Council has committed to deliver this sale in accordance with delivery milestones set out in the particulars of sale. Adherence to these milestones will ensure a sale receipt being realised during the 2021/22 financial year.

6.2 The 'risk' of not proceeding could only be seen in terms of a lost opportunity to generate a capital receipt via the sale income and a missed opportunity to ensure the security of the business on site. It would leave the Council open to an increased risk to net income due to the need for future maintenance investment should the site become vacant making the holding more resource intensive (in both financial and time aspects) going forward.

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. decisions.

7.2 Legal Implications

7.2.1 Sections 120 - 123 of the Local Government Act 1972 authorise the Council to acquire, 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: Schedule 12A of the Local Government Act 1972 (as amended) paragraph 3. Information relating to the financial or business affairs of any particular person (including the Council). Exempt Appendices 2 and 3 are considered to be in the public interest to treat as exempt information 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 2021-2025 approved in February 2021, providing resources to support delivery of a balanced budget.

7.3.2 The site currently generates a rental income of £0.019m per annum which will be lost to the City Council. This income forms part of the existing Property Services income budget and 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 The site is currently let on a five-year lease basis. If the City Council is to retains the site and a void period occurs, significant expense will be required in respect of future repair and maintenance work. There are additional holding costs related to this asset for Council officer time incurred in managing the site as part of the wider city centre portfolio of properties. These costs are 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.

7.3.5 To purchase price is exclusive of VAT. However, as the City Council has not opted to tax the site, nor intends to do so prior to the disposal, VAT is not chargeable on the purchase price.

7.4 **Human Resources Implications**

7.4.1 Internal resources are used to evaluate and execute the transaction and external consultants have been used to provide an independent assessment of value and sale recommendation.

7.5 **Public Sector Equality Duty**

7.5.1 An Equality Assessment has been carried out EQUA781 dated 22nd November 2021 and is attached at Appendix 4. This identifies no adverse impacts on any groups protected under the Equality Act 2010.

8. Appendices

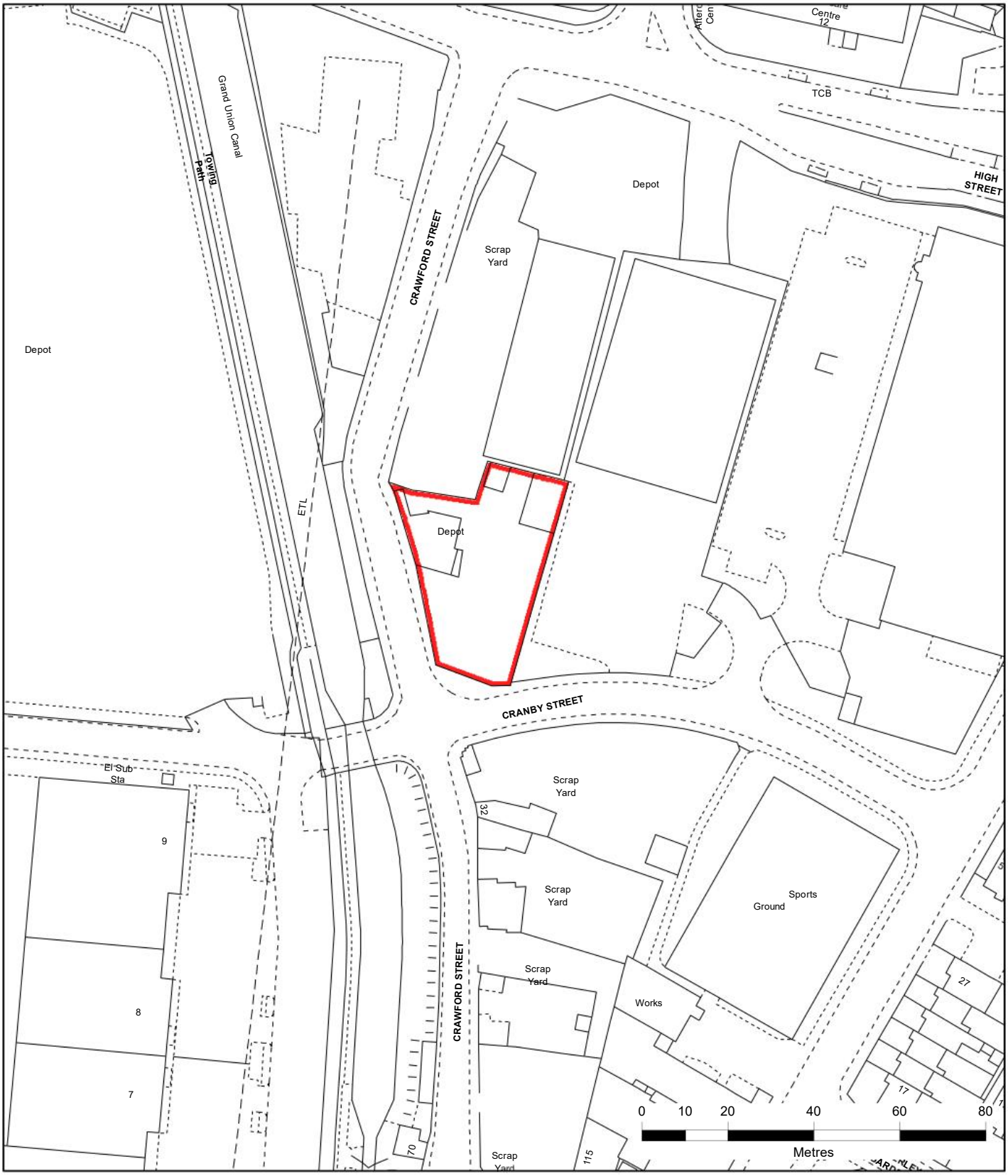
8.1 List of Appendices accompanying this Report (if any):

- Appendix 1 – Site Plan
- Appendix 2 - (Exempt) – Cover Sheet Summary
- Appendix 3 - (Exempt) – Recommendation Report and Heads of Terms
- Appendix 4 – Equality Assessment EQUA781

9 Background Documents

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

DRAWING NO. 3167



AREA EDGED RED 1312 SQ. METRES. APPROX. 1570 SQ. YARDS. APPROX.

Birmingham City Council

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

Yard At
2-10 Cranby Street
Alum Rock

SCALE	DRAWN	DATE
1:1,250	Bharat Patel	09/08/2021

O.S.Ref SP0988SW

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Title of proposed EIA	Sale of Freehold – 2 -10 Cranby Street, Saltley, Birmingham B8 1JL
Reference No	EQUA781
EA is in support of	New Function
Review Frequency	Annually
Date of first review	18/11/2022
Directorate	Inclusive Growth
Division	Property Services
Service Area	Investment Property Management
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 owned Scrapyard/Industrial Premises at 2-10 Cranby Street, Saltley, Birmingham B8 1JL to the existing tenant
Data sources	Consultation Results; relevant reports/strategies; relevant research
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:	The sale of the freehold of 2-10 Cranby Street will not have a negative impact on the grounds of age on the basis the asset will be owned and managed by an individual who is classified as an adult age.
Protected characteristic: Disability	Service Users / Stakeholders; Wider Community; Not Applicable
Disability details:	The sale of the freehold of 2-10 Cranby Street will not have a negative impact on the grounds of disability. However, subject to future use the purchaser/new owner would be responsible for any access to work obligations.

Protected characteristic: Sex	Service Users / Stakeholders; Wider Community; Not Applicable
Gender details:	The sale of the freehold of 2-10 Cranby Street to the existing tenant will not have a negative impact on the community on the grounds of gender.
Protected characteristics: Gender Reassignment	Service Users / Stakeholders; Wider Community; Not Applicable
Gender reassignment details:	The sale of the freehold of 2-10 Cranby Street to the existing tenant will not have a negative impact on the community on the grounds of gender reassignment
Protected characteristics: Marriage and Civil Partnership	Service Users/ Stakeholders; Wider Community; Not Applicable
Marriage and civil partnership details:	The sale of the freehold to an existing tenant will not have a negative impact on the grounds of marriage.
Protected characteristics: Pregnancy and Maternity	Service Users / Stakeholders; Wider Community; Not Applicable
Pregnancy and maternity details:	The sale of the freehold to an existing tenant will not have a negative impact on the grounds of pregnancy.
Protected characteristics: Race	Service Users / Stakeholders; Wider Community; Not Applicable
Race details:	The sale of the freehold to an existing tenant will not have a negative impact on the grounds of race.

Protected characteristics: Religion or Beliefs	Service Users / Stakeholders; Wider Community; Not Applicable
Religion or beliefs details:	The sale of 2-10 Cranby Street to the existing tenant will not have a negative impact on the grounds of religion.
Protected characteristics: Sexual Orientation	Service Users / Stakeholders; Wider Community; Not Applicable
Sexual orientation details:	The sale of 2-10 Cranby Street to the existing tenant will not have a negative 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 owned Scrapyard/Industrial Premises at 2-10 Cranby Street, Saltley, Birmingham B8 1JL to the existing tenant. The site is in the locality within Industrial and commercial users close to the City Centre, and comprises of a yard measuring approximately 1,570 sq yds (0.32 acres) to be used for vehicle dismantling. This is one of a number in the vicinity let by the City Council. The yard itself is bounded by high-level concrete sectional and brick walls. Internally, it is mainly

concrete surfaced but with an area of tarmac.

As the sale is to an existing tenant, members of the community have not been impacted negatively by any protected characteristics.

Consulted People or Groups

Informed People or Groups

Summary and evidence of findings from your EIA

The Property Investment Board comprising officers from Property Services, Finance and Legal recommends proceeding with the transaction.

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 site is owned freehold by the City Council with the site currently let to the occupier under a lease term of 5 years from 24 June 2018. The lease is currently held by Scrapyard/Industrial Premises at 2-10 Cranky Street.

The asset will be owned and managed by an existing member of the community which will provide further opportunities for the local area and assist with development of the economy

of the economy.

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	22/11/2021
Reasons for approval or rejection	
Please print and save a PDF copy for your records	Yes

Content Type: Item
Version: 20.0
Created at 19/11/2021 11:03 AM by Felicia Saunders
Last modified at 22/11/2021 09:46 AM by Workflow on behalf of Eden Ottley

Close

Birmingham City Council

Report to Leader and Cabinet Member Finance and Resources

1st December 2021

Subject:	**Sale of 49-50 Crawford Street, Birmingham B8 1JL**
Report of:	Strategic Director of Place, Prosperity and Sustainability – Paul Kitson Director of Council Management – Rebecca Hellard City Solicitor and Monitoring Officer – Satinder Sahota
Relevant O & S Chairs:	Councillor Mohammed Aikhlaq – Resources Councillor Saima Suleman – Economy & Skills
Report author:	Warren Bird Strategic Investment Property Manager - Property Services Contact: 07980 672 893 / warren.bird@birmingham.gov.uk

Are specific wards affected? Alum Rock	☒ Yes	☐ No
Is the decision eligible for call-in?	☒ Yes	☐ No
Does the report contain confidential or exempt information? Exempt information Schedule 12A of the Local Government Act 1972 (as amended) Paragraph 3. Information relating to the financial or business affairs of any particular person (including the council) Exempt Appendices 2, 3 and 4 contain sensitive commercial information on the purchase price and valuation.	☒ Yes	☐ No

1 Executive Summary

1.1 This report seeks authority for the sale of the Council owned premises at 49-50 Crawford Street, Alum Rock, Birmingham B8 1JL to the current tenant.

1.2 The subject site has a site area of approximately 1,197 sqm and is shown edged bold on the attached plan at Appendix 1.

1.3 The report seeks authority under the delegated authority in Section E3.2 (xi) of Part E of the Constitution, 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, City Finance Officer and the City Solicitor (or their delegates) up to a limit of £25m in any one transaction.

1.4 The recommendations contained in this and the Exempt Appendix 2 & 3 are fully in line with the Council's wider ambitions and plans for inclusive growth and financial stability. The recommendations are in compliance with the Birmingham City Council Plan and Budget 2018-2022 and the Property Strategy.

1.5 Options for this land have been fully considered and the sale of the site provides the best outcomes for the city as detailed in the Exempt Appendix 2.

2 Recommendations:

2.1 Authorise the Assistant Director of Property to conclude an unconditional sale of the premises at 49-50 Crawford Street, Alum Rock, Birmingham B8 1JL as shown edged bold on attached plan at Appendix 1 and extending to 1,197 sqm for a premium as detailed in Exempt Appendix 2.

2.2 Note that the purchaser will pay a contribution towards the Council's surveyor's and legal costs, as detailed in Exempt Appendix 2.

2.3 Note that to demonstrate their commitment, the purchaser has agreed to provide a deposit payment of 10% of the purchase price as detailed in Exempt Appendix 2 (which would be deductible in the event of sale completion).

2.4 Authorise 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 land is currently held within the Council's Investment Portfolio and located within an area of similar commercial uses close to the city centre. The property is owned freehold by the City Council currently held under a lease from 29th September 2014 (currently holding over on existing terms) to the intended purchaser. The current use is as that of a general yard for skip hire/scrap reclamation.

3.2 The property has a current gross rental income of £0.015m per annum.

3.3 Following a comprehensive review of the Council's Investment Portfolio supported by appointed advisors Avison Young in 2020, the Council's interest in this property has been identified for potential sale.

3.4 In accordance with the current process, Avison Young (on behalf of the City Council) have offered and negotiated terms with the current lessee for the sale of the Council's freehold interest in the property.

3.5 The outcome of the negotiations and recommendations for sale are detailed in Exempt Appendix 2.

3.6 Under the terms of an unconditional sale the purchaser will be required to proceed to an exchange of contracts within ten days of receipt of appropriate legal documentation with completion set for 10 working days thereafter.

3.7 The proposed sale represents best consideration and has been validated as such by the Assistant Director of Property based upon an analysis of the financial terms of the recommended sale, consideration the Council's Property Strategy, and wider aspirations and ambitions for the City

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 for 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 therefore would not be made available to help fund the City Council's transformation programme and there would be no guarantee of a future opportunity. The property is not allocated, nor does it have planning consent for an alternative use and is therefore not an immediate development opportunity. The property does not have an obvious alternative use which would benefit the Council.

4.2 **Option 2 – Dispose of the Property to Council Wholly Owned Company (WOC)** The property 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. In addition, there is limited income from the property to support and fund a sale of this nature.

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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 and risk. The sale to the lessee will give the tenant the ability to invest in the asset and secure a local business with the possibility of job protection and possible creation.

5. Consultation

5.1 The Property Investment Board comprising officers from Property Services, Finance and Legal recommends proceeding with the transaction.

5.2 No further external consultation is necessary for this commercial transaction.

5.3 As this is a directly negotiated sale with the tenant, as part of an agreed sales programme, no consultation with ward members is necessary.

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. There is a potential risk to the income element if the sale was to not proceed and new lease terms could not be agreed.

6.2 The 'risk' of not proceeding could only be seen in terms of a lost opportunity to generate a capital receipt for potential reinvestment via a sale of the Council's interest in the property.

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 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 to acquire, 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: Schedule 12A of the Local Government Act 1972 (as amended) Paragraph 3. Information relating to the financial or business affairs of any particular person (including the Council). Exempt Appendices 2, 3 and 4 are considered to be in the public interest to keep confidential 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 occupied under the terms of a short-term lease agreement and generates an income of £0.015m which will be lost to the City Council. This income forms part of the existing Property Services income budget and 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 an occupied site, annual costs are limited to the cost of repair & maintenance/statutory works that the City Council is obligated to carry out and Council officer time incurred in managing the asset as part of the wider city centre portfolio of properties. City Council officer time is not specifically recorded or measured for this portfolio of properties. Should the property become vacant at any time, costs will significantly increase.

7.3.4 The purchaser will pay a contribution towards the City Council's professional costs related to the disposal as detailed in Exempt Appendix 2.

7.3.5 The purchase price is exclusive of VAT. However, as the City Council has not opted to tax the site, nor intends to do so prior to the disposal, VAT is not chargeable on the purchase price.

7.4 **Human Resources Implications**

7.4.1 Internal resources and external agents are used to evaluate and execute the transaction.

7.5 **Public Sector Equality Duty**

7.5.1 An Equality Assessment has been carried out EQUA792 dated 3/12/2021 and is attached at Appendix 4. This identifies no adverse impacts on any groups protected under the Equality Act 2010.

8. Appendices

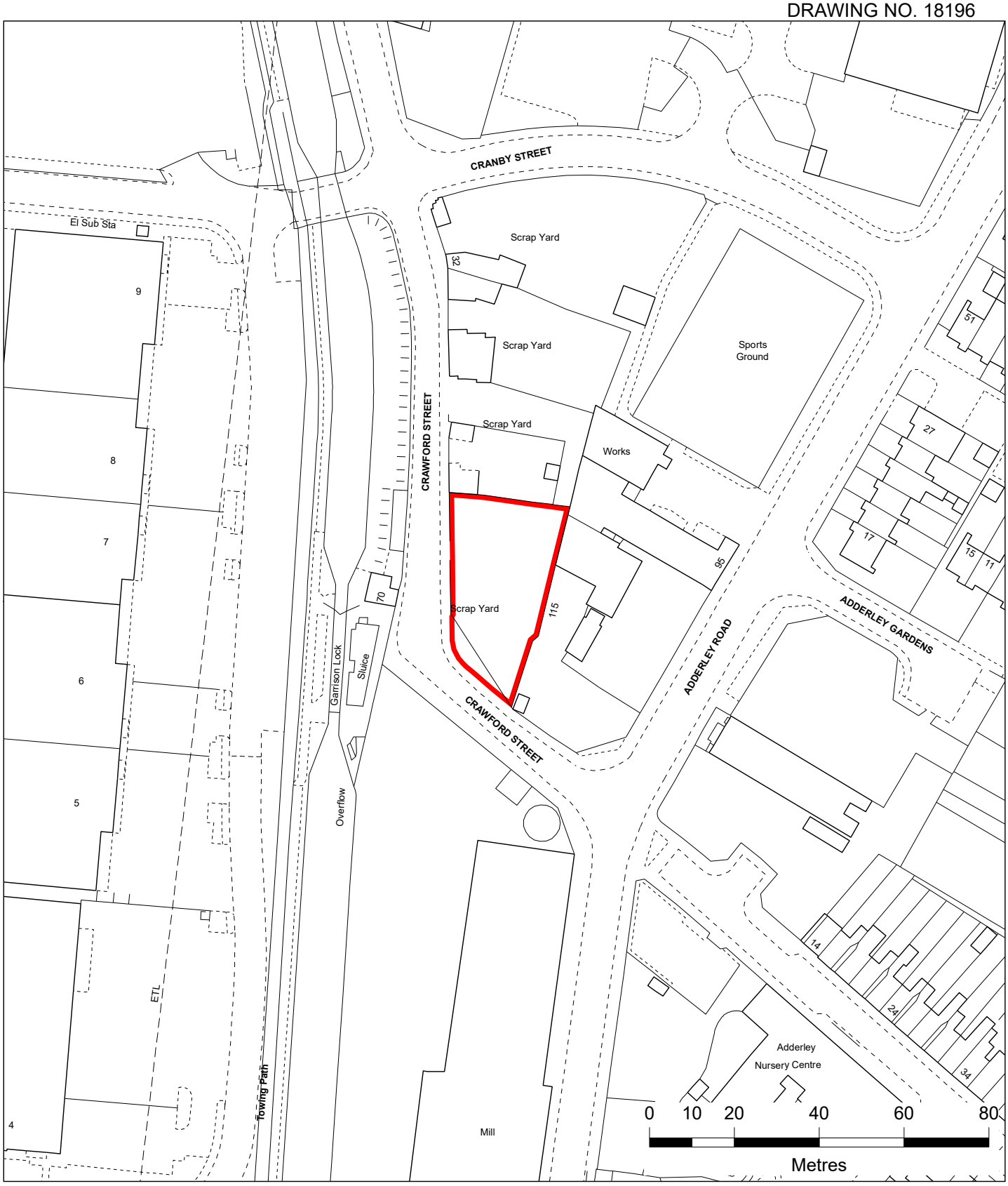
8.1 List of Appendices accompanying this Report (if any):

- Appendix 1 – Site Plan
- Appendix 2 - (Exempt) – Recommendations
- Appendix 3 - (Exempt) – Recommendation Report and Heads of Terms
- Appendix 4 – Equality Assessment EQUA792

9 Background Documents

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

DRAWING NO. 18196



AREA EDGED RED 1001 SQ. METRES APPROX. 1197 SQ. YARDS APPROX.

Birmingham City Council

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

49-50 Crawford Street
Alum Rock

SCALE	DRAWN	DATE
1:1,250	MI	02/12/2021

O.S.Ref SP0987NW

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Item 3

Title of proposed EIA	Sale of Freehold – 49-50 Crawford Street, Birmingham B8 1JL
Reference No	EQUA792
EA is in support of	New Function
Review Frequency	Annually
Date of first review	02/12/2022
Directorate	Inclusive Growth
Division	Property Services
Service Area	Investment Property Management
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 owned freehold land at 49-50 Crawford Street, Birmingham B8 1JL
Data sources	Consultation Results; relevant reports/strategies; relevant research
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:	The sale of 49-50 Crawford Street, will not have a negative impact on the grounds of age due to the fact any sale will have to be to an individual of an adult age.
Protected characteristic: Disability	Service Users / Stakeholders; Wider Community; Not Applicable
Disability details:	The sale of 49 to 50 Crawford Street, will not have a negative impact on the grounds of disability. However, subject to future use the purchaser/new owner would be responsible for any access to work obligations.
Protected characteristic: Sex	Service Users / Stakeholders; Wider Community; Not Applicable
Gender details:	The sale of 49-50 Crawford Street, has been a negotiation with the existing tenant and will not be conducted on the basis of gender.

Therefore, there are no negative impacts in relation to this protected characteristic.

Protected characteristics: Gender Reassignment	Service Users / Stakeholders; Wider Community; Not Applicable
Gender reassignment details:	The sale of 49-50 Crawford Street, has been a negotiation with the existing tenant and will not be conducted on the basis of gender reassignment. Therefore there are no negative impacts in relation to this protected characteristic.
Protected characteristics: Marriage and Civil Partnership	Service Users/ Stakeholders; Wider Community; Not Applicable
Marriage and civil partnership details:	There are no known conditions for which this asset at 49-50 Crawford Street, will be disposed of in the context of marital status. It has been conducted on a negotiation with the existing tenant. Therefore there are no negative impacts or implications for this characteristic.
Protected characteristics: Pregnancy and Maternity	Service Users / Stakeholders; Wider Community; Not Applicable
Pregnancy and maternity details:	There are no criteria which prevent pregnant individuals wishing to purchase land at 49-50 Crawford Street, Birmingham B8 1JL, as it has been a negotiation with the existing tenant. By implication there will be no negative impact on the grounds pregnancy.
Protected characteristics: Race	Service Users / Stakeholders; Wider Community; Not Applicable
Race details:	The sale of 49-50 Crawford Street, has been a negotiation with the existing tenant and will not be conducted on the basis of race

	the basis of race. Therefore there are no negative impacts in relation to this protected characteristic.
Protected characteristics: Religion or Beliefs	Service Users / Stakeholders; Wider Community; Not Applicable
Religion or beliefs details:	The sale of 49 to 50 Crawford Street, Birmingham B8 1JL has been a negotiation with the existing tenant and will not be conducted on the basis of religion. Therefore, there are no negative impacts in relation to this protected characteristic.
Protected characteristics: Sexual Orientation	Service Users / Stakeholders; Wider Community; Not Applicable
Sexual orientation details:	The sale of 49 to 50 Crawford Street, Birmingham B8 1JL has been a negotiation with the existing tenant and will not be conducted on the basis of sexual orientation. Therefore, there are no negative impacts in relation to this protected characteristic.
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	To authorise the sale of 49-50 Crawford Street, Birmingham B8 1JL for an appropriate premium to the existing tenant. The site is currently held within the Council's Commercial Portfolio and located within a locality of similar

located within a locality of similar commercial uses close to the City Centre.

The purchaser will pay a contribution towards the Council's surveyor's and legal costs.

The sale represents an appropriate consideration and has been validated by the Assistant Director of Property.

As the sale is to an existing tenant, members of the community have not been impacted negatively by any of the protected characteristics.

Consulted People or Groups

Informed People or Groups

Summary and evidence of findings from your EIA

The Property Investment Board comprising officers from Property Services, Finance and Legal recommends proceeding with the transaction.

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 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.

There are additional holding costs related to this asset for the cost of BCC officer time incurred in managing the estates as part of the wider city portfolio.

This site has been identified as an asset the City Council should consider

	disposing. 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	03/12/2021
Reasons for approval or rejection	
Please print and save a PDF copy for your records	Yes

Content Type: Item
Version: 20.0
Created at 02/12/2021 03:11 PM by Felicia Saunders
Last modified at 03/12/2021 12:09 PM by Workflow on behalf of Eden Ottley

Close

Birmingham City Council

Report to Leader and the Cabinet Member for Finance and Resources 17th February 2022

Subject:	HS2 CURZON STATION ENHANCED PUBLIC REALM PROJECT – REVISED DEVELOPMENT BUDGET
Report of:	Strategic Director of Place, Prosperity and Sustainability
Relevant Cabinet Member:	Councillor Ian Ward, Leader of the Council Councillor Tristian Chatfield, Finance and Resources
Relevant O &S Chair(s):	Councillor Cllr Saima Suleman, Economy and Skills
Report author:	James Betjemann, Head of Enterprise Zone and Curzon Development, Telephone No: 0121 303 4174 Email Address: james.betjemann@birmingham.gov.uk

Are specific wards affected? If yes, name(s) of ward(s): Nechells	☒ Yes	☐ No – All wards affected
Is this a key decision? If relevant, add Forward Plan Reference:	☐ Yes	☒ No
Is the decision eligible for call-in?	☒ Yes	☐ No
Does the report contain confidential or exempt information?	☐ Yes	☒ No

1 Executive Summary

1.1 The arrival of HS2 into Birmingham city centre in 2029 is a once in a generation opportunity to drive growth in the city. In order to maximise the economic benefits the City Council launched the Curzon Masterplan in 2015, which included a number of 'Big Moves' to ensure the new HS2 Curzon Station delivered a world class design that maximises the connectivity for pedestrians and public transport in and around the station within a high-quality public realm environment.

1.2 On 18th July 2019 the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) approved an Outline Business Case (OBC), awarding the City Council £26.172m of Enterprise Zone (EZ) funding to deliver the preferred

option for enhancing public realm surrounding the new HS2 station, subject to the approval of a compliant Green Book Full Business Case (FBC). On 29th October 2019, Cabinet subsequently approved the OBC budget of which £0.223m was earmarked for the development of the FBC.

1.3 HS2 have since revised their procurement strategy which means further initial work is required to define scheme costs as part of Stage 1 of HS2's contractor procurement which has increased the development budget to £0.551m. This report seeks approval to accept a capital grant from GBSLEP to be undertaken with HS2's main works contractor during Stage 1, which will provide greater level of assurance of costs to be included in the FBC. The change is contained within the approved value of £22.885m. The FBC is due to be submitted to the GBSLEP for Independent Technical Review at the end of January 2022.

2 Recommendations

2.1 Accepts a capital grant from the GBSLEP for £0.551m development funding for the Curzon Public Realm project as set-out within the attached change request approval letter 20 October 2021 at Appendix 1. The funding will support further detailed work being undertaken at Stage 1 of HS2 Ltd's main works contract, which will provide further cost assurance prior to a FBC being presented to GBSLEP and Cabinet.

2.2 In its role as Accountable Body for the GBSLEP, approves City Council Prudential Borrowing of up to £0.551m to fund the development of the HS2 Birmingham Curzon Station Enhanced Public Realm project.

2.3 Notes that the £0.551m forms part of the overall commission with HS2 for up to £22.885m of works as authorised under the Cabinet report dated 29th October 2019 but subject to FBC approval to the deliver the HS2 Birmingham Curzon Station Enhanced Public Realm project.

2.4 Authorises the Acting City Solicitor to negotiate, execute, seal and complete all necessary documents in connection with the above recommendations.

3 Background

3.1 In February 2014, the City Council launched the Curzon Masterplan as part of the wider HS2 Midlands Growth Strategy to maximise the economic impact of HS2. The masterplans vision will be achieved through the delivery of five 'Big Moves' which would deliver a world class design that is also fully connected and permeable with the surrounding environment;

- Station design to create a landmark building and arrival experience;
- Paternoster Place;
- Curzon Promenade and Curzon Square;
- Station Square and Moor Street Queensway;

- Curzon Station Metro Stop;

3.2 On 20th September 2016 the City Council approved the Curzon Investment Plan, which sets out a £724m programme of local infrastructure over and above the investment by HS2, including the allocation of additional EZ funding to assist with the delivery of the Big Moves and maximise the impact of HS2's arrival in the region.

3.3 Following the launch of the Curzon Masterplan, the Department for Transport (DfT) agreed a number of assurances with the City Council to address concerns that the design of the station, as proposed in the HS2 Hybrid Bill, did not meet the Council's objectives around connectivity and integration. Since then, the City Council and HS2 Ltd have been working collaboratively to develop the design and ensure the station and associated public realm meet the objectives for the Masterplan.

3.4 The Big Moves for the public realm at Curzon Promenade and Square and Paternoster Place are not included within the HS2 Act and therefore additional funding is required to meet the extra costs incurred by HS2 Ltd.

3.5 The Enhanced Public Realm Outline Business Case (OBC) was approved by GBSLEP on 18th July 2019, conditionally allocating the City Council £26.172m of EZ funding to undertake the delivery of the preferred option for the public realm, subject to the submission and approval of a Green Book compliant FBC. As part of the overall allocation GBSLEP approved £0.223m as development funding to progress the FBC in addition to the £1.445m previously approved for options analysis and design work. Cabinet subsequently, accepted the award of funding on the 29th October 2019 as follows:

Capital Costs	
Direct Feasibility and design fees	£1.445m
FBC Development Costs	£0.223m
Public Realm Works and associated costs	£16.658m
Contingency	£6.227m
Network Rail Rights	£1.125m
BCC Project Costs	£0.494m
Sub-Total	£26.172m

3.6 The GBSLEP OBC approval was based on the understanding that HS2 would undergo a single stage procurement model to appoint the preferred contractor to deliver Curzon Street Station and surrounding landscaping works. However, following a period of market testing, in September 2019, HS2 made a decision to adopt a revised procurement approach which consists of a two-stage contract

model with the aim of reducing tenderer pricing risk and facilitating a collaborative approach to setting the target price. Each stage is set-out in further detail below;

Stage One

3.7 In May 2021, HS2 Ltd awarded the contract for the delivery of Curzon Street station and landscaping to MDJV, a joint venture team that is made up of Mace and Dragados. Post Stage One contract award, additional time has been built into the programme to enable the successful contractor to work with HS2 to:

- Validate the design inherited from the Station Design Services Contractor (WSP)
- Identify construction risks and opportunities
- Develop a deliverable construction programme
- Demonstrate affordability and value for money
- Identify key supply chain partners at Tier 2 and below and
- Develop an agreed Target Price.

3.8 Adopting this additional stage provides further assurance to all parties of delivery within the Target Price and schedule in Stage 2 and in turn reduces risk to the City Council and GBSLEP. An indicative process for Stage 1 is set out within Appendix 2.

3.9 In December 2021, following a robust assurance process by HS2 Ltd, an agreed position has been reached regarding the final Target Price and programme. This information has informed a final FBC which will be submitted to GBSLEP in January 2022 prior to Full Board and Cabinet approvals being sought for the project in tandem with HS2 seeking necessary governance prior to providing notification to the contractor of Stage 2. It should be noted that the final FBC amount exceeds the approved OBC budget.

Stage Two

3.10 During Stage 2 the Contractor shall deliver the detailed design, construction, testing, commissioning and completion of Curzon Street Station and the surrounding landscaping works.

3.11 In order to support further detailed work being undertaken at Stage 1, there is a requirement for £0.551m of funding to be approved from the overall £26.172m allocation. This change was approved by GBSLEP's Programme Delivery Board (PDB) on 3 February 2021 and subject to the funding conditions set-out in Appendix 1.

4 Options Considered and Recommended Proposal

4.1 The following options were considered.

- **Option 1 – Recommendation** – Accepts a capital grant from the GBSLEP for £0.551m development funding for the Curzon Public Realm

project as set-out within the attached change request approval letter 20 October 2021 at Appendix 1. This would ensure the inclusion of the enhanced public realm scheme in HS2's Stage 1, and would lead to the development of a robust FBC for this scheme. A key deliverable for Stage 1 is the development of Target Costs which will provide a greater level of assurance around the costs to be included in the FBC, and also give all parties higher confidence of delivery within Target Price and schedule in Stage Two. Therefore, reducing project risks to all parties including the Council and the GBSLEP.

- **Option 2 – Council does not agree the recommended proposal** - This option should be discounted as it would result in the enhanced public realm project not going ahead, as the level of detail to inform the FBC would not be sufficient and therefore funding would not be approved. This would be a missed opportunity for the City and would result in a number of significant scheme benefits not being realised.

5 Consultation

5.1 Throughout Stage 1, two-weekly Enhanced Urban Realm Working Group meetings have taken place between HS2 Ltd, their contractor MDJV and City Council officers. This forum will continue to meet on a regular basis throughout the life of the project.

5.2 Additionally, consultation takes places with wider stakeholders on a monthly basis through the Curzon Station Working Group, membership of which includes HS2 Ltd, Historic England, Canal and River Trust, Birmingham City University and the West Midlands Combined Authority. Recent meetings have provided a helpful forum to discuss Stage 1 and Curzon Public Realm FBC updates with key partners.

5.3 Members of the GBSLEP support the recommendations of this report and provided approval of this change request at the GBSLEP Programme Delivery Board on 3 February 2021.

6 Risk Management

A risk register is included in Appendix 3 which highlights the scheme's strategic risks. The top risk is set out below.

The City Council do not accept the £0.551m capital grant from the GBSLEP to increase the development funding in order to cover costs associated with Stage 1, and do not accept the re-profiling of the conditional budget allocation.

6.1 This would result in the enhanced public realm being excluded from Stage 1. Subsequently, an insufficient level of detail would be available to support the development of the GBSLEP FBC. This risks the full funding allocation not being

approved and the enhanced public realm works being excluded from the Curzon Station contract between HS2 Ltd and MDJV.

7 Compliance Issues:

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

7.1.1 The delivery of the HS2 Curzon Station Integrated Metro Stop project is set out as a priority in the Curzon Masterplan (2015) and forms a key part of the Enterprise Zone Investment Plan (2019), which was approved by the Council on 30th July 2019. This supports the Council Plan 2018–22, Priority 1: "We will create opportunities for local people to develop skills and make the best of economic growth." In particular, the HS2 Curzon Station Integrated Metro Stop project will contribute towards the City Council's high-level outcome to deliver a strong inclusive economy by supporting future development activity, job creation and delivering public transport improvements. The Curzon Masterplan is key to delivery of the Big City Plan, GBSLEP Strategic Economic Plan (SEP), and the Midlands HS2 Growth Strategy, which is a priority for the GBSLEP and WMCA to maximise the economic impact of HS2.

Legal Implications

7.1.2 The Local Government Finance Act 2012 supports the development of Enterprise Zones by enabling Local Authorities to borrow for capital schemes against projected growth in business rates income. The Act allows the City Council, on behalf of the GBSLEP, to retain 100% of business rates income from within the Enterprise Zone.

7.1.3 The City Council has under Section 1 Localism Act 2011, a general power of competence under which it can procure services from third parties which will or are likely to benefit the authority, its area or persons resident or present in its area.

7.2 Financial Implications

7.2.1 Within the GBSLEP EZ all business rates are collected by the City Council with any net uplift in the business rates collected within the EZ allocated to the GBSLEP for a period to 31 March 2046. This is not affected by the Government's recent announcement on stopping the retention scheme. The GBSLEP decide how and where these funds are deployed and make the investment decisions over the resource in line with the investment plans for the EZ, subject to the City Council in its Accountable Body role ensuring compliance with the financial governance principles.

7.2.2 In its Accountable Body role, the City Council undertakes prudential borrowing to support delivery of projects within the approved Enterprise Zone Investment Plan (EZIP). The costs of prudential borrowing will be fully

financed by the revenue resources generated through the uplift in business rates within the EZ.

7.2.3 This project is included with the current approved EZIP, and therefore falls within the existing approved budget for the EZ.

7.2.4 Following Cabinet approval on the 29th October 2019 of £26.172m of funding as set-out within the GBSLEP OBC, £0.223m of the total funding approved was earmarked for the development of the FBC. Since this date HS2 have revised their procurement strategy which means further early work is required to define scheme costs as part of Stage 1 of HS2's contractor procurement. This report seeks approval to accept a capital grant from GBSLEP for £0.551m to undertake further work with HS2's main works contractor during Stage 1. The completion of this work will provide a greater level of assurance prior to the submission of the FBC to GBSLEP and Cabinet. This change was approved by GBSLEP's Programme Delivery Board on 3 February 2021 and subject to the funding conditions set-out in Appendix 1.

7.3 **Procurement Implications**

7.3.1 There are no procurement implications with the recommendations of this report. The procurement strategy was approved in the HS2 Curzon Station Enhanced Public Realm Project report to Cabinet dated 29th October 2019.

7.4 **Human Resources Implications (if required)**

7.4.1 All activity identified within this report will be managed by existing Council employees.

7.5 **Public Sector Equality Duty**

7.5.1 In overall terms the HS2 Curzon Station Integrated Metro Stop Project has been assessed as leading to a positive effect on the equality considerations through the promotion of economic activity, job creation and improving skills that will benefit local people. It has been assessed that the project will advance equality of opportunity as a result of its promotion of development and regeneration activity (set out in Appendix 3).

8 Appendices

8.1 Appendix 1 – GBSLEP Change Request Approval Letter

8.2 Appendix 2 – Stage 1 Process

8.3 Appendix 3 – Risk Register

9 Background Documents

9.1 HS2 Curzon Station Enhanced Public Realm Project – Cabinet 29th October 2019

9.2 HS2 Station Public Realm Programme and Curzon Station Metro Stop – Cabinet 13th September 2017

9.3 Curzon Masterplan 2014

9.4 Curzon Investment Plan 2016

9.5 EZ Investment Plan 2019

Interim Chief Executive
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Birmingham City Council
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Hannah.willetts@birmingham.gov.uk (sent via email only)

20 October 2021

Dear Hannah

Enterprise Zone Development Funding – Curzon Station Public Realm (Change Request)

Following your submission of a change request to the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP) to:

1. Increase the Enterprise Zone (EZ) Curzon Public Realm Development Funding
2. Reprofile previously awarded development funding.
3. Reprofile approved EZ conditional funding.

I am pleased to confirm that your request was approved by the GBSLEP Programme Delivery Board on 3 February 2021 and noted by GBSLEP Board on 25 March 2021 and Supervisory Board on 09 February 2021. This letter is to confirm that approval.

The EZ Curzon Public Realm Development Funding has been increased by £551,058 (five hundred and fifty-one thousand and fifty-eight pounds) and therefore totalling £2,219,333 (two million two hundred and nineteen thousand three hundred and thirty-three pounds) to be awarded to Birmingham City Council to deliver the EZ project. This is in accordance with the GBSLEP Assurance Framework process following the submission of a Change Request.

Financial Profile

The agreed maximum EZ allocation and financial profile for Development Funding is included below in Table 1. Any variance from this profile should be discussed with GBSLEP and will be subject to a change control process.

Project Development Funding (£)		**Previous Years**	**2021/22**	**Total**
Development Funding Previously Approved		1,587,511	80,764	1,668,275
Additional Development Funding Approved	Detailed Work for Final Target Cost		481,058	481,058
	Park Street Assessment Works		70,000	70,000
Total EZ GBSLEP Approval		**1,587,511**	**631,822**	**2,219,333**

Table 1.0 EZ Curzon Public Realm Development Funding Cost

The funding profile for the approved EZ conditional funding of £23,953,000 is included below in Table 2. As part of the further project development work required to progress to FBC submission, these figures may require final revision and are subject to EZ funding being available.

£000's	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
GBSLEP EZ	1,000	1,000	1,953	5,000	10,000	5,000	**23,953**
Total	1,000	1,000	1,953	5,000	10,000	5,000	**23,953**

Table 2.0 EZ Curzon Public Realm conditional Funding Cost

Apart from the change in the funding profile for the approved EZ conditional funding and the new output date of December 21 for Submission of FBC to GBSLEP, Curzon Station Public Realm Project is still subject to the EZ Conditional Allocation Letter from GBSLEP to BCC dated 24 July 2019.

Outputs/Outcomes

As outlined in the change request submission, the development funding will be used to support delivery of the Enterprise Zone Curzon Station Public Realm outputs and outcomes shown below:

Output/Outcomes Description	Output Date
Appointment of Stage One contractor	TBC
Agree Final Target Cost with Stage One Contractor	TBC
Inspection for Assessment (IFA) and assessment works in accordance with Network Rails standard NR/L2.CIV/035 - Management of Structures for Park Street Bridge.	TBC
Submission of FBC to GBSLEP	Dec 21
Appointment of Stage Two contractor	TBC

Table 3.0 EZ Curzon Public Realm Outputs/Outcomes

Monitoring and Reporting

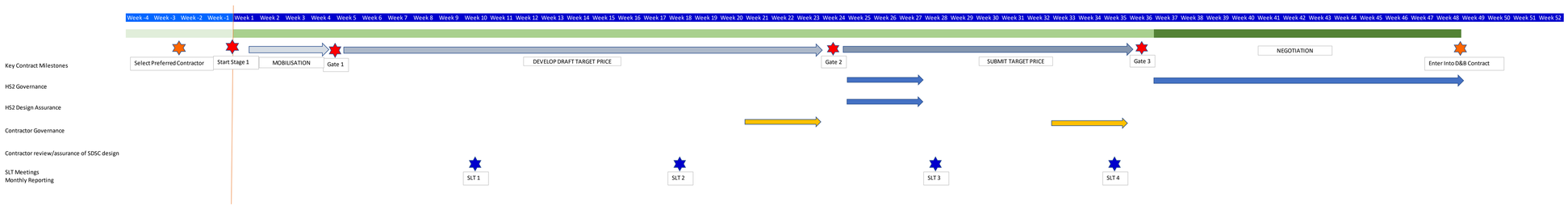
The project will continue to be required to report on progress through regular Project Management Reports (PMR). Saboor Arif, Project Champion, will act as the principal point of contact for the project.

In addition to the above, the approval is subject to Birmingham City Council maintaining regular meetings with the GBSLEP Executive and providing all the necessary updates to project programmes (roadmap and milestones) as and when requested. This includes full transparency on any decisions, and/or information, which may impact directly or indirectly on any existing or future funding request and/or approval.

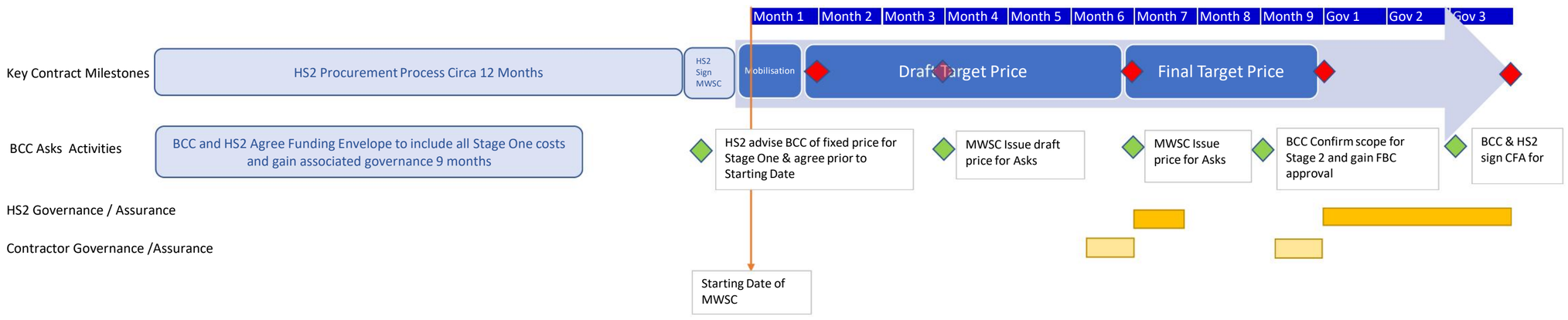
Yours sincerely

Ed Watson
GBSLEP Interim Chief Executive

cc. Christian Cadwallader, Interim Programme Consultant, GBSLEP.
cc. Saboor Arif, Project Champion, GBSLEP
cc. James Betjemann, Head of EZ and Curzon Delivery, BCC


Week -4 Week -3 Week -2 Week -1 Week 1 Week 2 Week 3 Week 4 Week 5 Week 6 Week 7 Week 8 Week 9 Week 10 Week 11 Week 12 Week 13 Week 14 Week 15 Week 16 Week 17 Week 18 Week 19 Week 20 Week 21 Week 22 Week 23 Week 24 Week 25 Week 26 Week 27 Week 28 Week 29 Week 30 Week 31 Week 32 Week 33 Week 34 Week 35 Week 36 Week 37 Week 38 Week 39 Week 40 Week 41 Week 42 Week 43 Week 44 Week 45 Week 46 Week 47 Week 48 Week 49 Week 50 Week 51 Week 52
Key Contract Milestones
Select Preferred Contractor
Start Stage 1
MOBILISATION
Gate 1
DEVELOP DRAFT TARGET PRICE
Gate 2
SUBMIT TARGET PRICE
Gate 3
NEGOTIATION
Enter Into D&B Contract
HS2 Governance
HS2 Design Assurance
Contractor Governance
Contractor review/assurance of SDSC design
SLT Meetings
Monthly Reporting
SLT 1
SLT 2
SLT 3
SLT 4

Item 4


Month 1
Month 2
Month 3
Month 4
Month 5
Month 6
Month 7
Month 8
Month 9
Gov 1
Gov 2
Gov 3
Key Contract Milestones
HS2 Procurement Process Circa 12 Months
HS2 Sign MWSC
Mobilisation
Draft Target Price
Final Target Price
BCC Asks Activities
BCC and HS2 Agree Funding Envelope to include all Stage One costs and gain associated governance 9 months
HS2 advise BCC of fixed price for Stage One & agree prior to Starting Date
MWSC Issue draft price for Asks
MWSC Issue price for Asks
BCC Confirm scope for Stage 2 and gain FBC approval
BCC & HS2 sign CFA for
HS2 Governance / Assurance
Contractor Governance /Assurance
Starting Date of MWSC

Project Manager to update

COMMENTS (UNHIDE ROW 6)

			Risk Identification and Assessment *(pre-mitigation)*										Risk Mitigation *(residual risk)*								
									Impact (50%)						Impact (50%)						
Ref	Project Name	Overall Project Status	Risk Cause		Risk Event	Risk (effect)	Proximity	Probability (50%) 1-5	Financial 1-5	Operational 1-5	Reputational 1-5	Overall Score	Counter Measures (threat / opportunity response) - Underway and / or Planned	Probability (50%) 1-5	Financial 1-5	Operational 1-5	Reputational 1-5	Overall Score	Action Date	Risk Owner	Risk Actionee	Current Status
									40%	40%	20%				40%	40%	20%					
			e.g. unforeseen ground conditions		*e.g. change to the working method or revision of the design.*	*This will most commonly relate to: - **costs** (increase / decrease); - **timescale** (delay / opportunity to accelerate); or - **quality / benefits** (increase / decrease in outputs and outcomes). There may be other risk impacts on objectives such as reputation or compliance.*	*When is the threat or opportunity expected to realise?*	1	5	5	1	4	*Brief description of what is being done to address the risk e.g. do you intend to reduce / treat the risk (and how) or transfer the risk (and how), etc.*	4	5	5	1	16	*When the counter measures will be in place e.g. contract signing with contractor.*	*Individual responsible for the management and control of the risk.*	*Individual assigned the the implementation of the counter measure(s)*	*Active*
001			Time taken to complete business case longer than expected due to limited information available from HS2 resulting in higher than originally estimated number of queries received from business case appraisal team.		Exclusion of the public realm from the main works contract	Quality decreases as the project would not be delivered and the design of the station would not facilitate the economic growth set out in the OBC	Stage 1 of the Main Works contract	3	3	3	3	9	*The OBC has been produced through joint working with HS2 within similar risks around the procurement of the Design works contract. The timescales and dependencies for the next phase of work have been identified to ensure they align with the procurement of the main works contractor and the detailed design of the station.*	1	1	1	3	1	*Procurement ITT and Stage 1 of the main works contract*	*James Betjemann*	*Hannah Willets*	*Active*
002			Contractor tender return bids and Stage 1 costs higher than predicted and exceed GBSLEP		Exclusion of the public realm form the main works contract	Quality decreases as the project would not be delivered and the design of the station would not facilitate the economic growth set out in the	Stage 1 of the Main Works contract	3	3	3	3	9	The OBC has been produced through joint working with HS2 within similar risks around the procurement of the Design works contract. The design is at RIBA 3 with a robust cost plan, including significant contingency and is exepcted to be sufficient for the target price that is identified in the next phase of work	1	1	1	3	1	Stage 1 of the for the Main Works Contract	*James Betjemann*	*Hannah Willets*	*Active*
003			HS2 procurement strategy precludes third party visibility of the process. Without any sight of the criteria or ability to make representations,		Lack of visibility in the procurement	Difficult to evidence value for money	ITT and Stage 1 of the Main Works contract contract	3	3	1	4	6	The Council will emply a cost consultant to verify the cost of the works to ensure there is value for money. HS2 and the Council have agreed that there will be dialogue on issues raised by the bidders on the enhanced public realm. The procurement is OJEU compliant.	3	1	1	2	3	Stage 1 of the Main Works Contract	*James Betjemann*	*Hannah Willets*	*Active*
005			The final design may need to be amended due to the interface with the Birmingham Eastside Metro scheme which runs through the site.		Revision of the design	The quality of the public realm may be reduced which may impact on the benefits	Stage 1 of the Main Works contract	2	2	3	1	4	Joint working between the Council, HS2 and Metro has indicated that if there was any impact it would be minimal and wouldn't affect the realisation of benefits even if the qaulity of the design was reduced. Further work between both design teams aims to minimise the impact completely.	1	1	1	1	1	Stage 1 of the for the Main Works Contract	James Betjemann	Hannah Willets	*Active*
006			The cost of the works increases during construction due to various issues such as unforseen ground conditions		Revision of the design	The quality of the public realm may be reduced which may impact on the benefits. The costs may also increase	Stage 2 of the main works contract	2	2	2	2	4	The procurement strategy reduces the risk for both parties by allowing the target price to developed in Stage 1before the works are contracted. The FBC will be developed during Stage 1 and it will set out the target price for the works and how the risk will be shared between the contractor, HS2 and Council.	1	1	1	1	1	Stage 2 of the main works contract	James Betjemann	Hannah Willets	*Active*
007			Network Rail do not approve the final design of Paternoster Place		Revision of the design	The quality of the public realm would be reduced and the benefits may not be fully realised as this part of the project is important for developing	Stage 1 of the Main Works contract	2	3	3	2	6	The development of the RIBA 3 design has been approved by Network Rail, subject to agreement with HS2 and the Council on the future maintenance of the asset. This will be developed during Stage 1 of the main works contract along with any detailed design issues that are developed alongside the target price	1	1	1	1	1	Stage 2 of the main works contract	James Betjemann	Hannah Willets	*Active*
008			Time taken to agree and deliver a risk assessment for park street bridge between BCC, Network Rail and HS2		Network Rail won't be able to sign off the design and potentially unable to sign-off the stage 1 target cost without a full risk assessment being completed	Risk of HS2 not including Paternoster in construction programme	Stage 1 of the Main Works contract					0	Following discussions between BCC, HS2 and Network Rail, Network Rail have agreed to undertake the risk assessment on Park St Bridge at the end of March 2021.	2	2	3	3	6	Network Rail to undertake risk assessment in Q4.	James Betjemann	Hannah Willets	*Active*

	Issue Identification					Mitigation					
Ref	Issue	Owner	C = Cause E = Effect	Impact		Counter Measures - Underway and / or Planned					Current Status
1	Due to change in the procurement strategy following approval of the OBC a change request will be required to unlock further funding to develop the FBC	*BCC*	**C: Changes to HS2's procurement strategy** ***E: Further funding required to be unlocked to***	Re-profile of funding		Initial conversations taken place with LEP PMO team to set out the requirements to progress this matter and a change request was submitted in December 2020.					Active

Item 4

Birmingham City Council

Report to Leader and Cabinet Member Finance and Resources

4th February 2022

Subject:	**Sale of Premises at 166 Warstone Lane, Birmingham, B18 6NN**
Report of:	Strategic Director for Place, Prosperity and Sustainability – Paul Kitson Director of Council Management – Rebecca Hellard City Solicitor and Monitoring Officer (Interim) – Satinder Sahota
Relevant O & S Chairs:	Councillor Mohammed Aikhlaq – Resources Councillor Saima Suleman – Economy & Skills
Report author:	Rob King Business Manager - Property Services 0121 303 3928 / robert.king@birmingham.gov.uk

Are specific wards affected? Soho & Jewellery Quarter	☒ Yes	☐ No
Is the decision eligible for call-in?	☒ Yes	☐ No
Does the report contain confidential or exempt information? Exempt information Schedule 12A of the Local Government Act 1972 (as amended) paragraph 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.	☒ Yes	☐ No

1 Executive Summary

1.1 This report seeks authority for the sale of the Council's freehold reversionary interest in Premises at 166 Warstone Lane, Birmingham, B18 6NN to the current lessees, Mayfair & Eloff Limited.

1.2 The subject property has a site area of 627sqm approximately and is shown edged bold on the attached plan at Appendix 1.

1.3 The report seeks authority under paragraph 3.2(xi) of Part E of the constitution, for the approval of acquisitions and disposals from the Investment Property portfolio to the Leader and Cabinet Member for Finance and Resources, jointly with the Director - Inclusive Growth, Chief Finance Officer and the City Solicitor (or their delegates, now Strategic Director Place, Prosperity and Sustainability, Director of Council Management and City Solicitor and Monitoring Officer - Interim) up to a limit of £25m in any one transaction.

1.4 The recommendations contained in this and the Exempt Appendix 2 are fully in line with the Council's wider ambitions and plans for inclusive growth and financial stability. The recommendations are in compliance with the Birmingham City Council Plan and Budget 2018-2022 and the Property Strategy.

1.5 Options for this property interest have been fully considered and the recommended sale e provides the best outcomes for the City as detailed in the Exempt Appendix 2.

2 Recommendations:

2.1 Authorises the Assistant Director of Property to conclude the sale of the Council's freehold reversionary interest, to the current lessees, Mayfair & Eloff Limited.

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 a plot of land, with a 2-storey modern building comprising retail units and offices/workshops, currently held within the Council's Investment Portfolio. The property is located within a locality of established workshop/commercial uses within the Jewellery Quarter, close to the city centre.

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 99 years from 25th December 1976, at a ground rent of £4,100 per annum (subject to 25-year rent reviews). The lease is currently held by Mayfair & Eloff Limited.

3.4 Following a comprehensive review of the Council's Investment Portfolio supported by appointed advisors Avison Young 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 an analysis of the financial terms of the recommended sale, consideration the Council's Property Strategy, and wider aspirations and ambitions for the City.

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. The property is not allocated, nor does it have planning consent for an alternative use and is therefore not an immediate development opportunity. The property does not have an obvious alternative use which would benefit the Council.

4.2 **Option 2 – Dispose of the Property to Council Wholly Owned Company (WOC).** The property 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. In addition, there is limited income from the property to support and fund a sale of this nature.

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. The sale to lessee will give the tenant the ability to invest in the asset and create jobs.

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.

6.2 The 'risk' of not proceeding could only be seen in terms of a lost opportunity to generate a capital receipt for potential reinvestment via a sale of the Council's interest in the property.

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 approved Birmingham Property Strategy 2018-2023 and Property Investment Strategy.

7.2 Legal Implications

7.2.1 Sections 120 - 123 of the Local Government Act 1972 authorises the Council 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: Schedule 12A of the Local Government Act 1972 (as amended) paragraph 3. Information relating to the financial or business affairs of any particular person (including the Council). Exempt Appendix 2 is considered to be exempt and in the public interest to keep confidential as it contains 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 (including the Council).

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 £4,100 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 city centre 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.

7.3.5 The purchase price, including any contribution to the Council's costs, is exclusive of VAT. However, as the City Council has not opted to tax the site, nor intends to do so prior to the disposal, VAT is not chargeable on the purchase price.

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 EQUA762 dated 26th October 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:

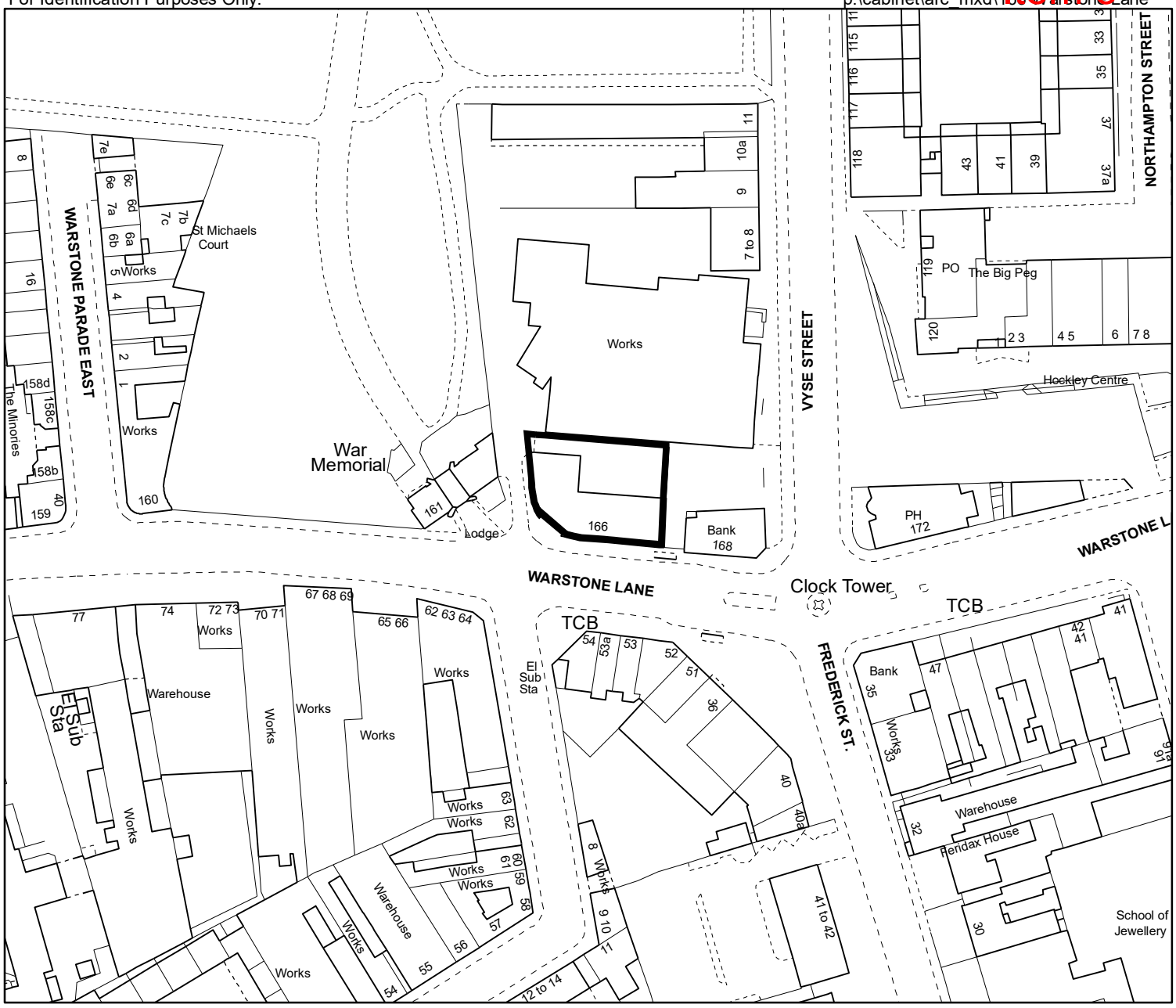
- Appendix 1 – Site Plan
- Appendix 2 - (Exempt) - Recommendations
- Appendix 3 – Equality Assessment EQUA762

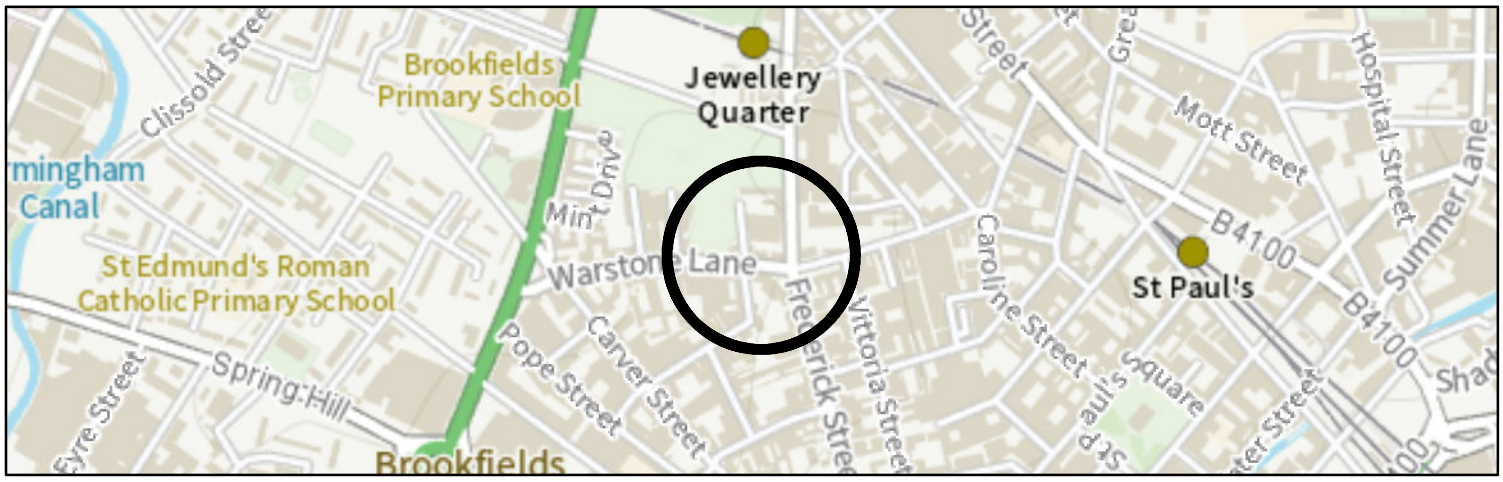
9 Background Documents

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

For Identification Purposes Only.

p:\cabinet\arc_mxd\166 Warstone Lane





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Birmingham City Council

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

166 Warstone Lane
Soho & Jewellery Quarter

Scale (Main Map)	Drawn	Date
1:1,250	MI	18/10/2021

009978/2022

Title of proposed EIA	Sale of Premises at 166 Warstone Lane, Birmingham, B18 6NN
Reference No	EQUA762
EA is in support of	New Function
Review Frequency	Annually
Date of first review	25/10/2022
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 the premises at 166 Warstone Lane, to the current lessees, Midland Watch Traders Limited.
Data sources	Consultation Results; relevant reports/strategies; relevant research
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 166 Warstone Lane, will negatively impact on the grounds of age, on the basis the asset will be owned and managed by an individual who is classified as an adult.
Protected characteristic: Disability	Service Users / Stakeholders; Wider Community; Not Applicable
Disability details:	It is not considered the sale of premises at 166 Warstone Lane to the sitting tenant will have a negative 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 166 Warstone Lane to the sitting tenant will have a negative 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 166 Warstone Lane to the sitting tenant will have a negative 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 166 Warstone Lane to the sitting tenant will have a negative 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 166 Warstone Lane to the sitting tenant will have a negative 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 166 Warstone Lane to the sitting tenant will have a negative 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 166 Warstone Lane to the sitting tenant will have a negative 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 166 Warstone Lane to the sitting tenant will have a negative 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 in166 Warstone Lane, Birmingham, B18 6NN to the current lessees, Midland Watch Traders Limited

Limited.

The property is a plot of land, with a 2 storey modern building comprising retail units and offices/workshops, currently held within the Council's Investment Portfolio. The property is located within a locality of established workshop/commercial uses within the Jewellery Quarter, close to the city centre.

As the sale is to the existing tenant, members of the community have not been impacted negatively by any of the protected characteristics.

Consulted People or Groups

Informed People or Groups

Summary and evidence of findings from your EIA

The Leader of the Council has been consulted regarding the contents of this report and is fully 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.

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 property is owned freehold subject to a lease for 99 years from 25th December 1976, at a ground rent of £4,100 per annum (subject to 25-year rent reviews). The lease is currently held by Midland Watch Traders Limited.

The asset will be owned and managed by an existing member of the community which will provide further opportunities for the local area which will assist in the development of the economy.

The property is currently let on full

repairing and insuring terms the lessee will pick up all of these costs and will also pay a contribution towards the Council's professional costs related to the disposal.

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	26/10/2021
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: 20.0
Created at 25/10/2021 03:13 PM by Felicia Saunders
Last modified at 26/10/2021 12:57 PM by Workflow on behalf of Eden Ottley

Close