

Birmingham City Council

Report to Cabinet Committee Property

24th October 2024



Title:	DISPOSAL OF SURPLUS PROPERTIES
Lead Cabinet Portfolio:	Councillor Sharon Thompson the Deputy Leader and Cabinet Member for Economy and Skills
Relevant Overview and Scrutiny Committee:	Economy, Skills and Culture
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Authorised by:	David Harris, Assistant Director of Corporate Landlord Place, Prosperity & Sustainability Directorate
Is this a Key Decision?	Yes
If this is a Key Decision, is this decision listed on the Forward Plan?	Yes – 009483/2022
Reason(s) why not included on the Forward Plan:	Not Applicable.
Is this a Late Report?	No
Reason(s) why Late:	Not Applicable
Is this decision eligible for ‘call in?’	Not Applicable
If not eligible, please provide reason(s):	Not Applicable

Wards:

Alum Rock, Bartley Green, Birchfield, Erdington, Hall Green South, Handsworth, Highters Heath Ladywood, Longbridge & West Heath, Nechells, Newtown, Northfield, Oscott, Shard End, Sparkbrook & Balsall Heath East, Stirchley, Sutton Four Oaks, Sutton Mere Green, Sutton Reddicap, Weoley & Selly Oak, Yardley East

Does this report contain exempt or confidential information? No

Has this decision been included on the Notification of Intention to consider Matters in Private? Not Applicable

Reasons why not included on the Notification: Not Applicable

1 EXECUTIVE SUMMARY

- 1.1 The continued review of the Council's land and property portfolio has identified the individual property interests listed in Appendix 1 of this report as being surplus to requirements.
- 1.2 It is proposed that these property interests form part of an agreed programme of land and property sales to be implemented during financial years 2024/25 and 2025/26, contributing to the Council's Financial Recovery Plan.

2 COMMISSIONERS' REVIEW

- 2.1 The recommendations contained in this report are supported by Commissioners.

3 RECOMMENDATIONS

It is commended that Cabinet Committee Property:

- 3.1 Declares the land and property assets listed in **Appendix 1** of this report (both freehold and long leasehold interests) surplus to Council requirements and authorises their subsequent sale as detailed.
- 3.2 Notes that in accordance with existing surplus property procedures no internal re-use of the properties listed in **Appendix 1** has been identified.
- 3.3 Authorises the Director of Property & Investment to conclude the sale of the Council's property interests at public auction (where auction is indicated as the method of disposal) through its appointed auctioneers during the remainder of 2024 and 2025.
- 3.4 Authorises the Director of Property & Investment, where deemed appropriate, to set individual reserve prices in excess of £200,000.
- 3.5 Authorises the City Solicitor, where necessary, to advertise the permanent loss of public open space and consider any objections in accordance with Section 123(2a) of the Local Government Act 1972.
- 3.6 Authorises the City Solicitor to negotiate, execute and complete all necessary legal documents to give effect to the above recommendations.

4 KEY INFORMATION

Context

- 4.1 The on-going review of the Council's various land and property portfolios has identified those individual property interests listed in Appendix 1 (as identified by site plans attached as Appendix 2), as being surplus to Council requirements. It is proposed that these mixed tenure interests form part of an agreed programme of property sales to be implemented during financial years 2024/25 and 2025/26.

- 4.2 The assets being considered for release fall within the Operational Portfolio. Releasing these assets for potential sale will not only reduce the Council's liabilities and generate capital receipts, but also provide opportunities for inward investment and development within the city.
- 4.3 All the properties are surplus to Council requirements and have been fully considered in accordance with current surplus property procedures with no alternative internal uses identified.
- 4.4 In addition to this schedule of property it is anticipated that the ongoing review of the Council's property portfolio, will identify further surplus property interests to supplement the programme going forward. All such opportunities will be the subject of further reports.
- 4.5 The sales methodology to deliver the proposed sale programme fully recognises market sentiment and individual circumstance. Accordingly, the majority of interests will be sold by informal tender and public auction.
- 4.6 Of the 26 identified surplus properties listed in Appendix 1, nine assets (Properties 1, 3, 6, 12, 14, 18, 20, 21 and 22 on the schedule), are not considered appropriate for open market auction or informal tender and have been identified for acquisition by a 'special purchaser'. All special purchasers have been confirmed as existing tenants or adjoining landowners and no known competitive marketplace for these land parcels (outside of their interest to the special purchasers) has been identified. As a result, Solus Negotiation is considered the more appropriate disposal process.
- 4.7 For the remaining listed properties, the proposed mode of sale will be tailored to maximise both the prospect of a sale completion and receipt realisation in order to achieve best consideration.
- 4.8 The sale of the subject sites will promote private investment into the city region economy.
- 4.9 Currently, the Assistant Director, Valuation and Investment has authority to dispose of individual properties (using the sale options recommended in this report), at a value of up to £200,000, beyond which relevant Cabinet Member and Strategic Director approval must also be sought under the Place, Prosperity and Sustainability Directorate scheme of sub-delegation of July 2024.
- 4.10 To expedite the Council's sales process (thereby reducing the possibility of disposal deals collapsing) for properties listed in **Appendix 1**, where the proposed disposal route is a sale at public auction, the following authorities should be delegated to the Director of Property & Valuation and Investment Authorises the Director of Property & Investment, where deemed appropriate, to set individual reserve prices in excess of £200,000 where appropriate.

Proposal and Reasons for Recommendations

- 4.11 The listed land and property have been considered in accordance with current surplus property procedures with no alternative internal use identified.
- 4.12 Options have been considered for the disposal methodology for these assets. In each case, the chosen route (either Public Auction, Informal Tender or Solus Negotiation) is considered to be the best in order to maximise both the prospect of a sale completion, receipt realisation.
- 4.13 The preferred option, in line with recommendations of the report, is to deliver a focussed disposal programme of land and property sales.

Other Options Considered

5 RISK MANAGEMENT

- 5.1 Inability to meet property market timelines: To meet the expectations of the prevailing property market the Council is committed to deliver a programme of land and property sales to support business priorities. Approval of this report will support these priorities and enable sale receipts to be realised during financial years 2024/25 and 2025/26.
- 5.2 The methodology of sale will be selected to best respond to the market and the specific circumstances of each asset whilst also removing ongoing revenue costs and maintenance liabilities

6 MEMBER ENGAGEMENT

Ward Councillor(s)

- 6.1 The relevant Ward Members for each property have been consulted with the details and range of responses of this consultation is set out in Appendix 3 of this report.

7 IMPACT AND IMPLICATIONS

Finance

- 7.1 The total asset value of the properties listed in Appendix 1 is estimated to be in excess of £10m; this is an internal valuation provided by qualified valuers.
- 7.2 The resulting transactions will generate capital receipts for the Council. The use of the capital receipts from these assets together with the ongoing revenue saving is intended to support the City Council's Financial Recovery plan to ensure a balanced budget and prioritise the generation of capital receipts.
- 7.3 Other than sites 1,10 and 17, the sale of these assets has no rental loss implications and on sale completion all associated holding cost liabilities will cease resulting in a revenue saving.

- 7.4 With respect to the disposals being at best consideration, where the disposal methodology is auction the Council will offer the individual assets at a reserve value representing the current minimum value at which the Council is deemed to be a willing seller; the basis of valuation is an Open Market appraisal of worth. Achieving the reserve value will satisfy best consideration under Section 123 of the Local Government Act 1972.

Legal

- 7.6 The power to acquire, appropriate and dispose of land is contained in Sections 120 - 123 of the Local Government Act 1972.
- 7.7 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 that power, and Section 111 of the Local Government Act 1972 contains the Council's ancillary powers in relation to the discharge of any its functions including the expenditure and borrowing of money and the disposal and acquisition of property.

Equalities

- 7.8 An Equality Assessment Ref No. EIA000532 dated 20th September 2024, is attached as Appendix 4. The assessment confirms there is no adverse impact on the characteristics and groups protected under the Equality Act 2010 and a full Equality Assessment is not required for the purpose of this report.

Procurement

- 7.9 External support for sales (where required) will be provided through the Constellia Framework or the City Council's contracted auctioneer.

People Services

- 7.10 Internal resources, in conjunction with the Council's retained auctioneers and appointed external agents (where appropriate), are being used to evaluate and execute the proposed sales programme.

Corporate Parenting

- 7.11 There are no Corporate Parenting implications for this report.

Other

8 APPENDICES

- 8.1 Appendix 1 – Sales Programme
Appendix 2 – Site Plans
Appendix 3 – Ward Member Consultation Matrix
Appendix 4 – Equality Impact Assessment EIA000532
Appendix 5 – Environmental and Sustainability Assessment

9 BACKGROUND PAPERS

None