Birmingham City Council

Economy, Skills and Culture Overview and Scrutiny Committee

15 October 2025

Title:	**DELIVERY OF COMMERCIAL ASSET DISPOSAL & CORPORATE LANDLORD PROGRAMME - QUARTERLY REVIEW**
Lead Cabinet Portfolio:	Councillor Sharon Thompson, Deputy Leader of the Council
Relevant Overview and Scrutiny Committee:	Not applicable
Has this report been shared with the relevant Overview and Scrutiny Committee Chair?	Not applicable
Report Author:	David Harris, Assistant Director – Corporate Landlord david.harris@birmingham.gov.uk
Authorised by:	Richard Lawrence, Executive Director Place, Prosperity and Sustainability
Is this a Key Decision?	No
If this is a Key Decision, is this decision listed on the Forward Plan?	Not Applicable
Reason(s) why not included on the Forward Plan and confirm who has authorised it to be considered:	Not Applicable
Is this a Late Report?	
Reason(s) why Late and confirm who has	No

authorised it to be considered:	Not Applicable
If 'call-in' has been dis-applied, please provide reason(s) and confirm who has authorised:	Not applicable

Wards: All

Does this report contain exempt or confidential information?	Yes

Exempt Information

The Appendix 1 is exempt from disclosure by virtue of the following Paragraphs of schedule 12A to the Local Government Act, 1972 as amended:

Paragraph 3 - Information relating to the financial or business affairs of a particular person (including the authority holding that information).

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 This report provides the 2nd quarter update for the 2025/2026 period to the Economy and Skills Overview and Scrutiny Committee, in the Exempt Appendix, on the current progress of the Asset Disposals Programme.

1.2 Appendix 1 contains details of the sales completed up to 19th September and properties under offer which we expect to complete by 31st December 2025. This report will be shared with the monthly Cabinet Committee Property (CCP), which will next meet on 3rd November 2025.

1.3 Furthermore, the report sets out the recent resource and process changes made to ensure the acceleration and timely delivery of the capital receipts target for the Council's Improvement Recovery Plan and to mitigate some of the areas which may hinder the objectives of the Asset Disposal Programme.

1.4 Appendix , Table 1 will contain summary details of all completions over 12 month old; items with a de-minimus value of £500,000 will also show purchaser details.

Table 2 sets out current key disposals with a target completion date due by end Q3 2025/26. Table 3 sets out details of assets for which a recommendation on the party and terms of disposal has been made by the Asset Disposal Programme. These assets will be included in the next Surplus Property - Recommended Disposal Route decision report to Cabinet Committee – Property. The Committee is requested to undertake Pre Decision Scrutiny on these proposed disposals.

2 COMMISSIONERS' REVIEW

2.1 Commissioners have no observations on the report.

3 RECOMMENDATIONS

That Economy Skills and Culture O & S Committee:

3.1 Notes the assets disposed of between 1 October 2023 to 19th September 2025 and those anticipated to complete by 31st December 2025.

3.2 Notes current progress in the disposals of assets where authority has been approved.

3.3 Notes the resource and process changes made to ensure the timely delivery of the Asset Disposal Programme objectives.

3.4 Undertakes Pre Decision scrutiny on assets to be disposed in the Surplus Property - Recommended Disposal Route report

4 KEY INFORMATION

Context

4.1 The disposal of assets is an integral part of the Council's Improvement Recovery Plan (IRP).

4.2 To provide oversight on the delivery of the Asset Disposals Programme and the rationalisation of the property portfolio and enable the Council to focus on its core activities and services.

4.3 Agreement to the recommendations in this report will contribute to the reduction in the Council's future financial commitments, general disposal receipts at the earlies opportunity and reduce the Council's borrowing.

4.4 The disposal strategy supports the priority of the new Corporate Plan for 'a Council that lives within its means, balances the budget and delivers best value for taxpayers and service users'.

4.5 **Acceleration of Asset Disposal Programme**. As previously advised, in order to ensure the timely achievement of the target of the phased delivery of receipts by

31st March 2026 & 31st March 2027 of £1bn and counter some of those areas which may adversely impact the pace and efficacy of the Asset Disposal Programme (ADP), an interim Disposals Manager hasbeen appointed and delivery process improved as outlined and updated below:

4.6 **Resource and Team Structure** – The team within Corporate Landlord has been restructured. An interim Disposals Manager (DM) has been appointed and supporting the current Assistant Director is responsible for overseeing the delivery and programme management of the ADP to ensure the focused delivery of capital receipts and to ensure associated revenue savings are realised in line with agreed targets and within agreed timeframes.

4.7 The DM's scope of work includes monitoring and driving progress across all property within the ADP on a cross-function basis and will ensure the delivery of receipts from I&V, Operational, Community and HRA portfolios. Reporting to the Director of Property & Regeneration in the proposed structure this role will act as deputy as required, for example supporting the regular internal Assets Disposal Programme meeting. The role also includes leading, planning and reporting on the strategic direction of the ADP, oversight and guidance for the identification and origination of assets for disposal, execution of property transactions and delivery of capital receipts and revenue savings in line with agreed targets and withing agreed timeframes.

4.8 The DM deals with ADP recommendations to facilitate property transactions e.g. route for disposal, negotiations (to achieve best consideration") managing the relationships and work with key internal and external colleagues and stakeholders to implement the programme. The DM has no direct line management responsibilities but operates in a matrix management position conducting the activity of all officers working on the ADP workstreams.

4.9 The teams within CL, I&V and the HRA have been restructured and supported with additional IRP resource in the short term, to support and deliver the ADP programme. Supplementary recruitment of extra staff is also underway to further accelerate the ADP programme.

4.10 **Information Reporting** - A revised reporting approach and structure has been implemented which is designed to identify those asset receipts in scope for delivery within all workstreams. Further assumptions have been made on risk and the likelihood of delivery using best and worst-case scenarios. These will be discussed in detail for the individual disciplines.

4.11 This report and its appendices identify a definitive list of assets in scope with both associated values and timelines for delivery. The in-scope assets are categorised and split into workstreams and will form part of a new master document and base line reporting linked to the extant dashboard reporting which can be tracked and provide a platform for socialising and monitoring progress. This will enable consistency of reporting and more accurate profiling to ensure the targets can be met.

4.12 This is an ongoing workstream across all functions and is already reported on a weekly basis. Team meetings are held fortnightly where the programme is reviewed in detail.

4.13 The DM works closely with the finance teams in respect of monitoring and reporting the performance of the programme including forecasting capital receipts and revenue savings. This relationship is also key in terms of identifying target sale values based on both property and financial considerations; more detail on the new gateway process is provided below.

4.14 The format for the reporting has been updated to provide an improved dashboard in due course to include more outcome orientated data on matters such as housing numbers, jobs created and new-owner investment.

4.15 **Approval Process** – Prior to being marketed assets are required to pass through a gateway process. All properties within the ADP that are identified through respective workstreams, go through an officer managed clearing process, the appropriate cabinet member briefing and pre-scrutiny if required before being submitted for visibility to the Commissioners and for decision at Cabinet Committee (Property). Monthly meetings are held, and progress of approvals is monitored through a tracker to ensure expeditious completions post approval, to avoid delays with the process.

4.16 As part of the gateway review process all assets are considered for their suitability for sale and a detailed criteria which then consider any and all the implications the sale will have on the Council and its stakeholders. For example, land and assets provisionally identified for potential disposal may need to be retained for rental income, future development, provision of services, delivery or retention of housing. Alternatively, assets will be sold as part of an intelligent process which delivers a receipt and retains the benefits to the Council and its stakeholders. Often there is a trade-off between value and use, however through review of options appraisals, and proper implementation of the governance process and consultation, the optimal outcome will be delivered.

4.17 **Identification of Assets** – To feed the divestment process it is vital that there is a supply of assets to drive the ADP and provide some additionality as mitigation to allow for slippage. Assets are identified as opportunities through respective portfolio holders, service reviews and IOWs. There will be a flow of assets in and out of scope depending throughout the process and the programme therefore requires flexibility. There are other interests and assets which could be included within the scope of sales if required but would need further due diligence to arrive at a value and enable a sale e.g. airport shares.

4.18 **Divestment Route for Sale** - The DM ensures the most appropriate divestment route for sale through auction, private treaty, tender or solus negotiation. Where assets are sold or transferred for community uses, valuations are completed to assess the potential differential in value against the benefit of the community and ongoing provision of services.

4.19 **Valuation Process** – The relevant property delivery teams working with the DM will oversee the management of the external valuation framework to ensure that when assets are sold that optimal values are being achieved and there is consistency, clarity and an audit trail which ensure that the Council is mindful of the benefits and impacts on disposal of all stake holders. Regular meetings are held with valuers and agents on the council framework to monitor the process. A new valuation framework has now been implemented and includes a panel of four consultants and has the flexibility to ensure the most appropriate valuation skill set can be deployed for each of the assets within the ADP. The appointed valuers include Lambert Smith Hampton, Avison Young, Savills and Capita.

4.20 **Internal Delivery Structure & Objectives** The ADP related programme meetings are held with all relevant stakeholders on a fortnightly basis to report on the delivery of the programme. The DM has brought a new emphasis to the ADP with a dedicated focus on delivery of the capital values in line with the programme timeframe. As this is a cross functional role, the DM can take a holistic view and resolution to the delivery of the programme, setting and monitoring objectives, internal team and 1:2:1 meetings. Sale of assets are prioritised based on value and likelihood of delivery within the relevant timeframe. Where there are risks, these will be identified, and contingencies and mitigation measures areimplemented.

4.21 **Consultant Asset Disposal Agents** – The appointment of external agents is made through the Constellia disposals panel. Key to delivery of the ADP is having the most appropriate consult instructed and ensuring that they are diving delivery of the programme. The DM assists in overseeing the management of this process and attends regular monthly meetings and ensures that targets are delivered though ongoing regular contact and performance measurement through workstream trackers.

4.22 **Legal Process** – The legal process is critical to the delivery of the ADP. Through monthly legal meetings involving the DM and the respective portfolio workstream stakeholders and through use of a legal tracker, legal instructions are monitored and to ensure delivery of the ADP. It is also imperative that due diligence is completed on assets to avoid future complications. Legal instructions are dealt with internally and there is also a framework in place to outsource asset disposals to external legal consultants to ensure that there is adequate resource to deliver the programme.

4.23 **Pre-decision Scrutiny**. Following discussions with the Chair and members of the Committee it was thought prudent that in addition to the existing quarterly retrospective update provided in respect of the Asset Disposal Programme, the report and meeting be used as an opportunity for the Committee to consider the disposal of certain selected disposal transactions through the Asset Disposal Programme.

4.24 It is anticipated that Pre Decision Scrutiny may be requested where recommendations involve public facing assets where the proposed decisions are potentially contentious in that they have required the consideration of competing commercial and non-commercial offers, for example where a transaction is proposed at a monetary undervalue for a community benefit or does not opt for the highest bid or where there are competing community interests for example faith groups, community organisations etc.

4.25 The opportunity to carry out Pre Decision Scrutiny will take place in advance of final submission for approval to Cabinet Committee Property and it is hoped a quarterly cycle of "looking forward" will not unduly slow down the decision-making process and interfere with target timeframes for disposals. In any event, it is acknowledged that the Committee may on request convene ad hoc meetings outside of the normal quarterly timetable in order to maintain the pace of delivery. Exempt Appendix 1, Table 3 sets out the disposal transactions for Pre Decision Scrutiny.

4.26 **Approach to the transfer and disposal of community facing assets.**.

4.27 Corporate Landlord, rather than services, will now lead and manage such transfers as part of its role and expert remit, aligned to holding responsibility for all operational/corporate assets and embedding the necessary Corporate Asset Strategy and associated plan to delivery asset rationalisation and migration to a more optimum asset profile. This ownership by Corporate Landlord officers will ensure that any such transfers, should they proceed, are consistently offered on full repairing and insuring (FRI) lease terms (to protect the Council from any on-going liabilities) and to ensure that potential community groups are financially and organisationally sound and can observe relevant community user and other legal provisions and conditions. All consultations and negotiations will take place in accordance with normal statutory, constitutional or "best practice" procedures.

4.28 To facilitate the orderly, transparent and auditable management of such disposals in the best interests of the Council, Corporate Landlord has sought to broadly categorise community facing asset divestment opportunities in the following three ways:

1. Priority Community Transfer – here the assumption, driven by the need for service delivery in a locality, is that a transfer to an appropriate community partner will be the preferred divestment option, provided the partner is viable and capable of entering into the standard FRI lease and terms. In this scenario a market rent will not be appropriate and any financial undervalue would be offset by social value demonstrated by using the Council's social value calculator mechanism, provided the intended community use is required and can be managed, to ensure delivery of outcomes etc.
2. Option Appraisal – Community Transfer vs Open Market - in this case it may be desirable from a service perspective for a third-party group to continue to deliver community services from the asset/locality, but this is not a

priority/statutory requirement. As such, an options appraisal will be conducted by the Corporate Landlord team which will present the alternatives to community transfer i.e. open market disposal and potential benefits in respect of capital receipts and/or income, as well as reduced costs liability etc. The options appraisal may also consider the relative benefits of relocating any community provision to other alternative buildings in the locality. In this instance Corporate Landlord will carefully consider the validity of any potential financial undervalue and the pressure to maximise capital receipts against the community and social value outputs.

3. Priority Open market disposal – where there is no prospect of a community transfer but a clear financial benefit to sell the asset on the open market and at the earliest opportunity post service vacation.

4.29 Allied to this, Corporate Landlord through its "Property Amnesty" approach is working with colleagues to identify any third-party occupations (current or proposed) in corporate buildings, the terms of any such occupations will need to be resolved and documented as appropriate. In so doing Corporate Landlord will aim to regularise these arrangements to ensure consistency and synergy with the wider asset strategy for a leaner, fit for purpose and sustainable estate profile and ensure alignment with the corporate asset rationalisation agenda.

5 RISK MANAGEMENT

5.1 Appendix 1 (exempt) sets out the risk management .

6 Impacts and Implications

Finance and Best Value

6.1 The Finance team work alongside the Asset Disposal Team through all stages of potential asset disposals. They perform due diligence and assess financial controls are in place in order to obtain best value for the Council on the Asset Disposal Programme. There is a dedicated Finance resource in a Finance Manager (FM) and the FM liaises with the Deputy S151 Officer for each of the disposals that go through CCP. All CCP Disposal reports need Finance S151 Officer approval, to do this the financial detailing and the option appraisals for each disposal are heavily interrogated and financial modelling utilised. This is to enable a robust decision with all financial details clearly visible in the report and the financial impacts for decisions made.

Legal

6.2 A local authority has a statutory duty under section 123 of the Local Government Act 1972 when disposing of land, other than by way of a short tenancy, to not dispose of the land, except with the consent of the Secretary of State, for a

consideration which is the best which can reasonably be obtained. It is for the authority to demonstrate it has achieved best consideration. If the authority is proposing to dispose of its interest at an undervalue, it must obtain the specific consent of the Secretary of State. This is unless the undervalue does not exceed £2,000,000 and the authority consider the purpose for which the land is to be disposed, is likely to contribute to the achievement of any one more of :- the promotion or improvement of economic, social or environmental well-being, in respect of the whole or any part of its area, or of all or any persons resident or present in its area and the disposal is made in accordance with the General Disposal Consent 2003 issued under circular 06/03: Local Government Act 1972 general disposal consent (England) 2003 disposal of land for less than the best consideration that can reasonably be obtained.

Equalities

6.3 Equality Impact Assessments (EIA's) have been carried out for all individual and groups of assets, disposed of as part of the Asset Disposals Programme. This has been in accordance with BCC Governance arrangements and Equality Act 2010. To date the respective assets have been sold via solus negotiation, auction and or open market tender. For each transaction to date, the respective EIA's have identified no adverse impacts on the protected characteristics within the Equality Act 2010.

7 APPENDICES

7.1 Appendix 1 (exempt): Update on Asset Sales, additional financial implications and risk management implications as at 23 September 2025 plus a list of disposal recommendations for pre-decision scrutiny.

8 BACKGROUND PAPERS

There are no background papers.