

Birmingham City Council

Report to Cabinet

11 February 2020



Subject: DISPOSAL OF SURPLUS PROPERTIES
Report of: INTERIM DIRECTOR, INCLUSIVE GROWTH
Relevant Cabinet Member: Councillor Ian Ward – Leader of the Council
Relevant O &S Chair(s): Councillor Lou Robson – Economy and Skills
Councillor Sir Albert Bore – Resources
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Are specific wards affected? Yes No – All wards affected

If yes, names of wards: Bournbrook & Selly Park, Bromford & Hodge Hill, Moseley, Newtown and Lozells, Yardley East and Yardley West & Stechford.

Is this a key decision? Yes No

If relevant, add Forward Plan Reference: 007224/2020

Is the decision eligible for call-in? Yes No

Does the report contain confidential or exempt information? Yes No

If relevant, provide exempt information paragraph number or reason if confidential :

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 2019/20-2020/21.

2 Recommendations:

- 2.1 Declares the land and property assets listed in Appendix 1 of this report surplus to Council requirements and authorise their subsequent sale as detailed.
- 2.2 Notes that in accordance with existing surplus property procedures no internal re-use of the properties listed in Appendix 1 has been identified.
- 2.3 Delegate approval to the Assistant Director of Property to set reserves at or above £500,000 where individual properties listed in Appendix 1 are being offered for sale at public auction.
- 2.4 Notes and approves that any revision to the mode of disposal detailed in Appendix 1 will be agreed and approved by the Leader.
- 2.5 Authorises the Acting 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.
- 2.6 Authorises the Acting City Solicitor to negotiate, execute and complete all necessary legal documents to give effect to the above recommendations.

3 Background

- 3.1 The on-going review of the Council's various land and property portfolios has identified those individual property interests listed in Appendix 1, as being surplus to Council requirements. It is proposed that these interests form part of an agreed programme of property sales to be implemented during financial years 2019/20 – 2020/21.
- 3.2 The assets being considered for release fall within the Non-Investment 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.
- 3.3 All the properties are surplus to Council requirements, and have been fully considered in accordance with current surplus property procedures with no alternative internal use identified.
- 3.4 In addition to this schedule of property it is anticipated that the ongoing review of the Council's property portfolio, in line with its approved property strategy, will identify further surplus property interests to supplement the programme going forward. All such opportunities will be the subject of further reports.
- 3.5 The sales methodology to deliver the proposed sale programme fully recognises market sentiment and individual circumstance. Accordingly, the interests will be sold by informal tender and public auction. The proposed delivery strategy and mode of sale adopted will be tailored to maximise both the prospect of a sale completion and receipt realisation in order to demonstrate best consideration.

4 Options considered and Recommended Proposal

- 4.1 The listed land and property have been considered in accordance with current surplus property procedures with no alternative internal use identified.
- 4.2 Options have been considered for the disposal methodology for these assets and the chosen routes are considered to be the best in order to maximise both the prospect of a sale completion, receipt realisation and so demonstrate best consideration.
- 4.3 The preferred option, in line with recommendations of the report, is to deliver a focussed disposal programme of land and property sales.
- 4.4 The sale of the subject sites will promote private investment into the city region economy.

5. Consultation

- 5.1 The relevant Ward Members for each property have been consulted; the detail of this consultation is set out in Appendix 3 of this report.

6. Risk Management

- 6.1 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 2019/20 - 2020/21.

7. Compliance Issues:

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

7.1.1 The Property Strategy which was approved by Cabinet on 13th November 2018, is aligned with the strategic outcomes outlined in the Council Plan 2018-2022 (as updated in 2019) to create a city of growth where every child, citizen and place matters; an entrepreneurial city to learn in; a great city to grow up in; a fulfilling city to age well in; a great city to live in; and for residents to gain maximum benefit from hosting the Commonwealth Games.

7.1.2 The Property Strategy takes a medium to long term strategic approach to how we utilise our unique asset base and will ensure a balanced delivery of maximised commercial and social returns. Re-aligning the Council's property portfolio will provide a catalyst for development and underpin the social fabric of communities across the city.

7.2 Legal Implications

7.2.1 The power to hold, appropriate and dispose of land is contained in Sections 120 - 123 of the Local Government Act 1972.

7.2.2 Section 1 of the Localism Act 2011 contains the Council's general power of competence and Section 111 of the Local Government Act 1972 contains the Council's ancillary financial and expenditure powers in relation to the discharge of its functions including the disposal and acquisition of property.

7.3 Financial Implications

7.3.1 As the properties covered in this report form part of the Non-Investment Portfolio, the capital receipts will be available to support the Council's priorities, subject to Capital Board and the Council's governance process.

7.3.2 The total asset value of the properties listed in Appendix 1 is estimated to be £4.55m.

7.3.3 The sale of these assets has no rental loss implications, and on sale completion all associated holding cost liabilities will cease.

7.4 Procurement Implications

7.4.1 N/A

7.5 Human Resources Implications

7.5.1 Internal professional property, legal and planning resources, together with appointed auctioneers will be utilised to deliver this programme of sales.

7.6 Public Sector Equality Duty

7.6.1 The proposed sales programme will be undertaken in accordance with the Property Strategy. The Property Strategy is a policy document setting out the strategy principles associated with property assets and at this stage there are no specific implications. An Equality Assessment Ref No. EQUA453 dated 20th January 2020, is attached as Appendix 4. The assessment confirms there is no adverse impact on the characteristics and groups protected under the Equality Act 2010 and a full Equality Assessment is not required for the purpose of this report.

8. Appendices

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

1. Appendix 1 – Sales Programme
2. Appendix 2 – Site Plans
3. Appendix 3 – Ward Member Consultation Record
4. Appendix 4 – Equality Assessment EQUA453

9 Background Documents

9.1 Property Strategy 2018/19-2023/24 including first phase projects – Cabinet report 13th November 2018