

<b>Report to:</b>	<b>Cabinet</b>
<b>Report of:</b> <b>Date of Decision:</b>	<b>Corporate Director, Economy</b> <b>25<sup>th</sup> July 2017</b>
<b>SUBJECT:</b>	<b>DISPOSAL OF 55 HOLLOWAY HEAD, (LEE BANK HOUSE), BIRMINGHAM,</b>
<b>Key Decision: Yes</b>	<b>Relevant Forward Plan Ref: 003249/2017</b>
<b>If not in the Forward Plan:</b> <b>(please "tick" box)</b>	<b>Chief Executive Approved</b> <input type="checkbox"/> <b>O &amp; S Approved</b> <input type="checkbox"/>
<b>Relevant Cabinet Member:</b>	<b>Councillor John Clancy - Leader of the Council</b>
<b>Relevant O&amp;S Chairman:</b>	<b>Cllr Mohammed Aikhlaq, Corporate Resources Overview and Scrutiny Committee</b>
<b>Wards affected:</b>	<b>Ladywood</b>

**1. Purpose of report:**

- 1.1 To note the outcome of an informal tender for the long leasehold sale of 55 Holloway Head, Birmingham. The subject property is shown edged black on the attached plan as Appendix 1 extending to 0.72 acres/0.29 hectares.
- 1.2 To note the use of a surplus property asset to generate inward investment contributing to the councils key business priorities and objectives. An accompanying Private report provides commercially confidential information regarding the transaction.

**2. Decision(s) recommended:**

Cabinet are recommended to;

- 2.1 Approve the leasehold sale of 55 Holloway Head (Lee Bank House).

**Lead Contact Officer:**

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### 3. Consultation

#### 3.1 Internal

The property was declared surplus in a report to Cabinet in March 2015 entitled Commercial Investment Portfolio.

- 3.1.1 The report has been considered and cleared by the Property Assets Board at its June 2017 meeting.
- 3.1.2 The relevant Ward Members (Ladywood) have been consulted and no adverse comments have been received to the reports content. The detail of this consultation is set out in Appendix 3 of this report.
- 3.1.3 Officers from Legal and Democratic Services and City Finance and other relevant officers from the Economy Directorate have been involved in the preparation of this report and approve this report going forward.

#### 3.2 External

No external consultation has taken place regarding the content of this report.

### 4. Compliance Issues:

#### 4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

- 4.1.1 The development of new homes for a growing city is a key objective of the Council Business Plan and Budget 2017+. The development of new housing within the City is in accordance with a number of the Council's key priorities, including:
- 4.1.2 **Fairness** to tackle inequality and deprivation, promote social cohesion across all communities in Birmingham ensuring dignity, in the quality of making judgments that are free from discrimination.
- 4.1.3 In disposing of this site by informal tender there has been a full open marketing exercise undertaken, providing an opportunity to all interested parties to express their interest and submit offers to acquire the land.
- 4.1.4 **Prosperity** - to lay the foundations for a prosperous City, built on an inclusive economy - The sale of the surplus property will bring a currently underutilised property back into beneficial use providing property development and business opportunities to individuals and groups, and new homes which will contribute to the improved prosperity within the Birmingham and wider regional economy.
- 4.1.5 **Democracy** - to involve local people and communities in the future of their local area and their Public Services – The decision has been taken with full Ward member consultation and approval.
- 4.1.6 The proposal also contributes towards the strategic outcomes outlined in the 'Council Business Plan and Budget 2017+', specifically to help deliver a balanced budget and contribute to the Councils plan to rationalise its property portfolio as part of its asset management programme.

#### **4.2     Financial Implications**

- 4.2.1   The disposal of this surplus asset will generate capital receipts for the Council to help support the Council Financial Plan 2017+, and contribute to key business priorities.
- 4.2.2   Compensation is required to be paid to the remaining tenants in the property in order to provide vacant possession. The compensation costs are based upon a statutory formula under the provisions of the Landlord and Tenant Act 1954. These costs will be met by the purchaser.

#### **4.3     Legal Implications**

The power to acquire, dispose and manage assets in land and property is contained in Section 120 and 123 of the Local Government Act 1972.

#### **4.4     Public Sector Equality Duty**

- 4.4.1   An Equality Analysis (EA) Ref No.002128. dated the 14/06/2017 is attached as Appendix 2 to this report.  
The assessment confirms that there is no adverse impact and that a full Equality Assessment is not required for the purpose of this report.

### **5.     Relevant background/chronology of key events:**

- 5.1     The subject property is shown edged black on the enclosed plan as Appendix 1, occupying a site of 0.72 acres/0.29 hectares.
- 5.2     The property at 55 Holloway Head (also known as Lee Bank House) comprises a former 'flatted factory' at the junction of Holloway Head, Bulcher Street and Chapmans Passage.
- 5.3     Lee Bank House is held within the Council's commercial portfolio, however the market position and demand for this type of accommodation has declined in recent years. The building requires a significant amount of investment to modernise it and there is not a viable business case for the Council to support the level of investment required.
- 5.4     A decision was made by Cabinet on 16<sup>th</sup> March 2015 to declare the property surplus and offer it for sale on the open unrestricted market.
- 5.5     The property was marketed between August 2016 and February 2017 with a Two Stage Informal Tender Process.
- 5.6     A detailed tender report confirming the outcome of the tender process is appended to the Private Report, as Appendix 2.

### **6.     Evaluation of alternative option(s):**

- 6.1     Not to proceed would mean not realising a capital receipt
- 6.2     Additionally the Council would retain the maintenance liability of a property no longer fit for purpose.

**7. Reasons for Decision(s):**

- 7.2 The disposal will generate a capital receipt that can be reinvested by the Council.
- 7.3 The sale and subsequent redevelopment of the property will ensure that an under-utilised asset will be brought back into beneficial use for the delivery of residential/mixed use development.

**Signatures**

	<u>Date</u>
Cllr John Clancy Leader of the Council .....	.....
Waheed Nazir Corporate Director, Economy .....	.....

**List of Background Documents used to compile this Report:**

Commercial Investment Portfolio; Cabinet Report March 2015

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

1. Appendix 1 – Site Plan
2. Appendix 2—Equality Analysis
3. Appendix 3 – Ward Member Consultation

<b>Report Version</b>	2	<b>Dated</b>	June 2017
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