

# Birmingham City Council

## Report to LEADER OF THE COUNCIL JOINTLY WITH THE DIRECTOR INCLUSIVE GROWTH



May 2019

<b>Subject:</b>	<b>DISPOSAL OF SURPLUS PROPERTIES</b>
<b>Report of:</b>	<b>DIRECTOR, INCLUSIVE GROWTH</b>
<b>Relevant Cabinet Member:</b>	<b>Councillor Ian Ward – Leader of the Council</b>
<b>Relevant O &amp;S Chair(s):</b>	<b>Councillor Tahir Ali – Economy and Skills Councillor Sir Albert Bore – Resources</b>
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Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, names of wards: Castle Vale, Erdington, Highters Heath,		
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference:		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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 Council 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 year 2019 - 20.

### 2 Recommendations

The Leader and Director Inclusive Growth are recommended to:

- 2.1 Approve the sales programme detailed in Appendix 1 of this report, authorising the sale of the surplus property interests listed.

- 2.2 Note that in accordance with existing surplus property procedures no internal re-use of the properties listed in Appendix 1 has been identified.
- 2.3 Authorise 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.
- 2.4 Authorise the 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 will form part of an agreed programme of property sales to be implemented during 2019-20.
- 3.2 The properties listed in Appendix 1 are deemed non-strategic assets that currently create management pressures (and costs) without contributing to the Council's priorities. Accordingly, their release for potential sale will not only reduce the Council's liabilities and generate capital receipts, but also provide opportunities for infill 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 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 programme will fully recognise market sentiment and individual circumstance. Accordingly, the interests will be sold either via public auction or as a solus negotiated sale to an adjoining land owner. The proposed delivery strategy and mode of sale adopted is tailored to maximise both the prospect of a sale completion, receipt realisation and demonstrate best consideration.
- 3.6 The rationale for choosing these modes of sale is in the case of auctions, primarily to ensure that there is certainty of delivering receipt realisation by specified dates ie 28 days post auction date, and ensuring interim management costs ahead of sale completion are kept to a minimum. Whilst the solus negotiated sale option will provide the Council with opportunity to pursue enhanced financial benefit by entering into exclusive negotiations with an adjoining landowner, rather than dealing with the Council's land in isolation.

## **4 Options considered and Recommended Proposal**

- 4.1 The sites have been considered in accordance with current surplus property procedures with no alternative internal use identified.
- 4.2 These properties are not considered to be of strategic importance therefore there is no merit in retaining the properties, and their sale will remove an ongoing management liability to the Council.
- 4.3 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 demonstrate best consideration.
- 4.4 The preferred option, as recommended, is to deliver a focussed disposal programme of land and property sales.
- 4.5 The sale of the subject sites will promote private investment into the City region economy.

## **5. Consultation**

### **5.1 Internal**

- 5.1.1 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.
- 5.1.2 The report has been considered and cleared by the Property and Assets Board
- 5.1.3 Officers from Legal Services, City Finance and other relevant officers from Inclusive Growth Directorate have been involved in the preparation of this report and support its proposals.
- 5.1.4 The relevant Ward Members for each property have been consulted; the detail of this consultation is set out in Appendix 3 of this report.

### **5.2 External**

- 5.2.1 Where necessary the tenants affected by the proposed sale have been advised of the Council's proposals.

## **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.

## **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 is aligned with the strategic outcomes outlined in the Council Plan 2018-2022 – to create a city of inclusive growth where every child, citizen and place matters. The Property Strategy will help make Birmingham: a great city to learn, work and invest in; a great city to grow up in; a great 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 As the largest local authority in the country with the biggest property portfolio we have the opportunity to utilise the Council's property and land assets in a strategic way to deliver our priorities.

7.1.3 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 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, and Section 32 of the Housing Act 1985 in respect of HRA controlled assets.

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 The disposal of surplus assets will generate capital receipts for the Council to help support the Council Plan 2018-2022, and contribute to key business priorities.

7.3.2 Income generated from property will be treated in accordance with the Capital Board and Treasury Management guidelines. An Investment Property Strategy report will be produced annually for approval by Cabinet.

7.3.4 As some of the properties to be sold are within the HRA, then in those cases the appropriate adjustment will be made to the capital financing charge to the HRA.

7.3.5 The total asset value of the properties listed in Appendix 1 is no greater than £1.0m, and no net loss of income is identified.

## **7.4 Human Resources Implications**

7.4.1 Internal professional property, legal and planning resources will be utilised to deliver this programme of sales.

## **7.5 Public Sector Equality Duty**

7.5.1 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. EQUA275 dated 15/03/2019, is attached as Appendix 3. 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

## **9 Background Documents**

1. Property Strategy 2018/19-2023/24