

# Birmingham City Council

## Report to Cabinet

6<sup>th</sup> September 2022



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**Subject:** DISPOSAL OF SURPLUS PROPERTIES

**Report of:** STRATEGIC DIRECTOR, PLACE PROSPERITY & SUSTAINABILITY

**Relevant Cabinet Member:** Councillor Ian Ward – Leader of the Council

**Relevant O & S Chair(s):** Councillor Saima Suleman – Economy and Skills  
Councillor Mohammed Aikhlaq - Resources

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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: Alum Rock, Bartley Green, Bordesley Green, Bournbrook & Selly Park, Brandwood & Kings Heath, Bromford & Hodge Hill, Erdington, Holyhead, Ladywood, Longbridge & West Heath, Newtown, Oscott, Quinton, Soho & Jewellery Quarter, Sparkbrook & Balsall Heath East, Shard End, Sutton Vesey		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 007538/2020		
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 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 2022/23 and 2023/24.

## 2 Recommendations:

It is recommended that Cabinet:

- 2.1 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.
- 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 Delegates authority to the Assistant Director of Property to market and set minimum reserve prices of above £200,000 where appropriate for individual properties listed in **Appendix 1**, where the proposed disposal route is a sale at public auction.
- 2.4 Delegates authority to the Assistant Director of Property to agree individual sale prices of at least £200,000, where appropriate for individual properties listed in **Appendix 1**, where the proposed disposal route is a sale at public auction.
- 2.5 Notes and approves that any revision to the mode of disposal detailed in Appendix 1 will be agreed and approved by the Leader.
- 2.6 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.
- 2.7 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 mixed tenure interests form part of an agreed programme of property sales to be implemented during financial years 2022/23 and 2023/24.
- 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 majority of interests will be sold by informal tender and public auction.
- 3.6 Three identified surplus properties in Appendix 1 (Properties 1, 12, 13 & 17) on the schedule), are not considered appropriate for open market auction and have been identified for acquisition by a 'special purchaser'. All special purchasers have been confirmed as adjoining landowners and no known competitive marketplace for these four 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.
- 3.7 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.
- 3.8 In addition, the property listed as 19 on the schedule Appendix 1 which is land at Carrs Lane has the opportunity for a joint venture project with the Carrs Lane church group. This report is seeking permission to consider disposal after establishing the public open space needs.
- 3.9 The sale of the subject sites will promote private investment into the city region economy.
- 3.10 Currently, the Assistant Director of Property 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 Member and/or Senior Officer approval must also be sought.
- 3.11 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 Assistant Director of Property:
  - i. To be able to agree with the auctioneer, individual reserve prices at a minimum of £200,000, where appropriate
  - ii. To agree individual, final auction sales prices of at least £200,000, where appropriate.

#### **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. 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.
- 4.3 The preferred option, in line with recommendations of the report, is to deliver a focussed disposal programme of land and property sales.

## **5. Consultation**

- 5.1 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.

## **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 2022/23 and 2023/24.

## **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 13<sup>th</sup> 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, 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 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 total asset value of the properties listed in Appendix 1 is estimated to be in the region of £8.685m.
- 7.3.2 Capital receipts generated will be available to support the Council's priorities, subject to the Council's governance process.
- 7.3.3 The sale of these assets has no significant rental loss implications (some generate a peppercorn rent which is de minimis), and on sale completion all associated holding cost liabilities will cease.
- 7.3.4 The recommendation to increase the approval level of the Assistant Director of Property applies:
  - i. only to the properties in Appendix 1, where the proposed disposal route is a sale at public auction, and;
  - ii. to no other properties beyond the scope of this report

### **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. EQUA836 dated 21<sup>st</sup> January 2022, 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, 2a, 2b & 2c – Site Plans
  - 3. Appendix 3 – Ward Member Consultation Matrix
  - 4. Appendix 4 – Equality Assessment EQUA83
  - 5. Appendix 5 – Environmental and Sustainability Assessment

## **9 Background Documents**

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