

Submission by the Montgomery Street Co-operative to Birmingham City Council Owned Assets Inquiry

Introducing the Montgomery Street Co-operative

We are the Montgomery Street Co-operative, a diverse group of around 25 enterprises employing up to 80 people. We rent small, affordable units from Birmingham City Council at the Montgomery Street Business Centre on the Grand Union Canal at Sparkbrook. The site is Birmingham's last remaining business start-up hub. Sparkbrook is one of the most deprived areas of the city and our members believe in generating local employment, training and business opportunities.

We came together as a Co-operative in the autumn of 2019 to help realise our mutual interests and campaign against the Council selling off our site to property developers.

For the past two years, we have had to endure an acute state of anxiety and uncertainty about the future of our premises and in turn our businesses and livelihoods. According to a report by the Birmingham Chambers of Commerce, there is now an acute shortage of small affordable units in our city. The costs of relocating our enterprises elsewhere or outside of the city would be prohibitive and result in the break up of a group of businesses with strong local connections. As a result of this we haven't been able to plan or invest in our businesses to expand or to take on new people to train and employ. In the face of this uncertainty and the absence of assurances, some of our tenant members have sadly had to leave and some businesses have unfortunately folded. The impact of the pandemic has further exacerbated this.

After a successful campaign we are now in the process of making the Council an offer to buy our site and run it as a not-for-profit Co-operative with the intention of ploughing surpluses back into our site to repair its many dilapidations and to improve and extend its services for the local community. In the longer term we will work to reduce rents for our members and offer reductions for new start-up enterprises.

This submission has six main points

- Sale without consultation
- Dealing with Birmingham City Council and Birmingham Property Services over the planned sale and the Asset of Community Value process
- 2015 Housing Prospectus Report
- Experience as tenants and deteriorating condition of the premises
- Basis of financial justification for the sale
- Social value and community wealth

Selling off our premises without consultation

Our landlords, Birmingham Property Services (BPS), on two separate occasions, without consulting us, have attempted to sell off our site. We were notified only weeks before these intended sales. The first attempt to sell or 'dispose' of us was in January 2019 through an informal bidding process that BPS claimed subsequently 'fell through'. Then in November 2019, BPS informed us they were going to auction our site on the open market. We understand this was the first time Property Services had 'aspired' to auction off one of their sites with tenants in situ.

We were assured by the Council that under the Landlord and Tenant Act 1985, our tenancies were 'safe' and any new owner would have to legally honour these contracts. Under property law, however we are

aware that any new owner would legally only have to give us all 6 months notice to end our tenancy agreements or simply raise our rents to drive us out. We were shocked and dismayed that the Council promoted this line to the press in response to our offer to buy the site.

Through a series of Freedom of Information requests we eventually learned the identities of the property developers that bid informally for our premises.

Our experiences of engagement with the Council

As a Co-operative of tenants with many years of combined business experience, we made the Council an offer to buy our site and run it as a not-for-profit Co-operative. Property Services initially refused to meet us and consider our offer (See Appendix). Instead they offered to get their Officers to show us how to make a bid for our workplace at an auction on the open market competing against property developers with very deep pockets [ITV News Central](#)

In stark contrast, according to a Report to Cabinet (March 5th 2019) - Prospective Tenders, the Council assisted other prospective bidders to buy our site. Officers held planning workshops where they were given the opportunity to discuss their development proposals and were provided guidance with these proposals.

Our then MP, Roger Godsiff, wrote to Waheed Nazir and Property Services to support our proposal (see Appendix). He also requested that should the sale progress, the Council should add a 'condition' to ensure the site continues as a business start-up hub and rents be kept at current levels. Roger never received an acknowledgement or a reply to his letter.

We successfully stopped this auction through a successful campaign that was highlighted by the local press. We had considerable community support to save our units. Our campaign included applying to list Montgomery Street as a start-up hub, with a Youth Training Centre CIC and a Community Cafe, as an Asset of Community Value.

Discovering the sale of our site from an auction Catalogue

In October 2019 we were shocked to discover our site was up for auction in December on the open market from a Bond Wolfe auction catalogue (See Appendix). We were only formally informed of this auction in a letter weeks before the scheduled auction.

Experience as Tenants

Initially, during the 1980s, Montgomery Street Business Centre was managed by what was then the Council's Economic Development Department. The site was well maintained and managed with picnic tables, planted areas and a patrolled security presence. New start-ups benefited from reduced rent periods. There was even an onsite business manager with a secretary who helped start-ups get a foothold in the world of enterprise.

Later, in the 2010s, management was transferred to Birmingham Property Services. This change in management brought with it a decline in the material condition of the site and a lack of transparency and accountability.

We were told as tenants by our estates manager, Reg Parsons, on multiple occasions that there was 'no money in the budget to carry out repairs on site'. We were also told by Mr. Parsons that the rationale for the disposal of our site was based on the fact that the costs of managing our site outweighed the revenue generated by it. He added that the council's intention was to sell off low performing sites that cost too much to run. In turn they would use the revenues generated from these sales to buy more profitable assets in the city. Mr. Parsons was also involved in giving tenants some very misleading information around securing compensation from prospective developers.

Many of us chose to rent units from our local Council on the basis that we assumed they would have more integrity than private landlords and it would be a safe bet for us to grow our enterprises there.

Service Charges

At the start of the year 2020, the site's rental income was around £60,000 and service charges were at around £50,000. The management and maintenance of our site, particularly since 2015, does not reflect the disproportionately high rates of these service charges. As tenants along with visitors to the site, including Councillors and other Stakeholders, we can find little evidence of using these service charge monies to maintain and repair the sites dilapidations.

In March 2020, a tenant member of our Co-operative wrote to Property Services asking for sight of the invoices and receipts of these service charges. Under the Tenant and Landlord Act 1985, tenants are entitled to examine these receipts. They also asked for the distribution of these service charges across the units. We have since discovered that some of us are paying for services such as water twice, one charge directly to Severn Trent and another fee as part of the service charge. This letter sent via registered post was never acknowledged nor answered. Follow up emails were sent with Councillors and their local MP copied in.

As tenants, we are legally entitled to yearly service charge audits. Only a few of our members have received the audits and these have been full of anomalies. We recently had a four-year gap in our service charge audits. We finally received an audit of this period in March 2020 (See Appendix). This was accompanied by a 47% reduction in our service charges for this year.

We would like clarification on how these disproportionately high Service Charges are calculated. Who decides these figures and why aren't we consulted as tenants about their rates and prioritising repairs?

Financial Years	Claimed Expenditure	Service Charge Collected	Opening Balance	Balance Write Off	Total Expenditure	Total Service Charge
2013/14	£47,595.55	£17,126.82	£109,226.47			
2014/15	£47,595.55	£17,126.82		£170,163.95		
2015/16	£49,698.33	£53,552.33*	£0.00			
2016/17	£49,698.33	£53,552.33*				
2017/18	£49,698.33	£77,863.00*			£49,698.33	

2018/19	£49,698.33	£77,863.00*				
2019/20	£98,491.22 E	£34,471.88	£64,019.34			
2013/19					£293,948.41	£297,030.27
2013/20					£392,439.63	£331,502.15

* Figures arrived at by subtracting the estimated Service Charge to be collected for 2015-16 & 2016-17 £107,104.65 from the overall 2015-19 figure £262,776.64 And then dividing it by 2 to give single year figures.

2013-15 Shows an Opening Balance of £109,226.47 A loss of £60,937.48 is presented for the 2 years. This is then added to the Opening Balance to make a Balance Write Off of £170,163.95. Whereas what should be the Opening Balance for 01/04/15 is a surplus of £48,288.99 not £0.00

Since the underspend of the Opening Balance at 01/04/13 was £14,035.36 + Collected Service Charges £34,253.63 = £48,288.99. How does this account for the reasoning behind the balance write off? That is a surplus that should have been ploughed back into the business centre or subtracted from our Service Charges. As you can see we do not have many of the other years Opening Balances or any other write offs that may have occurred.

Financial Year	Repairs & Maintenance	General Maintenance Reserve	Water	Electricity	Management Fee	Security	Proposed /Estimated Service Charge
1997/98	£614.54		£521	£470	£516	£2137.95	
1998/99	£601.94		£1152	£553	£616	£3006.69	
1999/00	£912.47	£72.14	£870	£396.47	£678.03	£3120.12	
2008/09	£2869	£1858	(£51.81)*	£1268	£1,094	£3774	£61,504.07
2014/15	£4094.53	£3465	£2403.38	£2088.76	£1,145.83	£2162.80	£47,595.55
2019/20	£14,889.15	£30,000	£18,595.94	£8,034.69	£6,871.48	£3305.23	£98,491.22

Note - 2008/9 Water charge is in brackets and marked with an asterisk.

The above table has been created from the Proposed Annual Service Charge Analysis that we have been provided with. We do not have them for every single year as they have not been issued to us as they should have been in line with statutory obligations.

We have created this table above, because we believe some of the charges do not reflect expenditure in real terms. We were issued as tenants in a letter dated 03/03/2020, the service charges for 2013-2015 (see Appendix). Plus an 'amalgamated' analysis of service charges for 2015/19 on another page. This

current year raises a great many questions around the figures included which we are particularly concerned about.

Specifically we seek clarification for the figure of £30,000 for a General Maintenance Reserve, when there is also a Repairs & Maintenance figure for £14,889.15 adding up to £44,889.15 for a run down, dilapidated site where very little real maintenance has been carried out for many years.

We would like to highlight the Water Charge of £18,595.94, particularly when we are now aware that the onsite laundry is metered separately for its water supply that it pays for separately as a business.

These figures come together to make up the proposed estimated Service charge of £98,491.22.

This figure then had the opening balance (£64,019.34) subtracted from it to form a service charge (£34,471.88) which was then put forward as a 47% reduction in service charge. It is our assertion that the expenditure figure for 2019/20 has been artificially inflated to create this outcome. We feel that there was in fact very little basis for levying a service charge at all.

It is reasonable to say that the tenants of Montgomery Street business Centre (some of whom have been tenants for 15 years or more) have contributed significantly to the public purse of this city via the rents and service charges that they have paid.

We would like to ask the Inquiry to pursue these anomalies, clarify the claimed expenditures and demand sight of the invoices and receipts for the services we have paid for.

Asbestos Containing Materials (ACM)

We have never been notified as tenants, and neither have visitors, about the existence of ACM's in our units or externally on our site by our landlords, Birmingham Property Services. We have only recently been made aware of the presence of these ACM's earlier this year when Ian Chaplin from Property Services emailed the 2011 Asbestos Management Survey (10H 1804) to one of our Directors. This information was then shared to our members and we were shocked to learn that some exposed, deteriorating bags of Asbestos Containing Material sheets have been left behind Unit K since at least the last Asbestos Management Survey was instructed back in 2011 (see Appendix). These sheets have recently been removed by contractors following concerns noted by our Valuation Survey. There are also still ACMs present in the flooring adhesive of Unit D. We are still waiting for an Asbestos Management Plan and a Communication plan that the duty holder is obligated to provide as part of their statutory obligations. Seeking clarification on these points around Asbestos and its management has impacted considerably on our ability to assure our lenders and make the Council an offer to buy our site.

Broken Security Gate

Our Security gate has been inoperable for the last five years. Our site entrance is shared by another business adjacent to our site. They are obliged to close and padlock a large metal entry gate, often in the dark (our flood lights aren't working), but this does not happen consistently and we can't police the actions of these individuals. Our site is plagued by anti-social behaviour, theft and fly-tipping. Our Stakeholder partners, Sparkbrook Police try and assist us by patrolling our Business Centre, although, this diverts precious resources away from more urgent matters.

We were contacted shortly after the gate was broken, by our estates manager, asking us to raise £20,000 ourselves to pay for the cost of the replacement. We were then issued keys to the large metal gate to the shared access with the neighbouring business. Our own security gate remains broken and ununlockable.

Dilapidations

Over the past five years there has been a noticeable decline in the repair and maintenance of the site. Essential and urgent repairs include multiple leaking roofs, rotten window frames, rotten doors and door frames, broken windows, site lighting, security and replacing two hot water boilers in the toilets. There is also a need to decommission the large walk-in refrigeration unit that has been inoperable for over twenty years. Our landlords have contractual obligations to secure, maintain and repair our site.

Birmingham City Council 2015 Housing Prospectus

In March 2015 Birmingham City Council launched its Housing Prospectus. On page 55, Montgomery Street Business Centre along with other businesses adjoining the Grand Union Canal features as a development opportunity for 'a range of housing types that could meet local housing needs as well as address the development opportunities of a canal frontage. This could include higher density housing and apartments.' (See Appendix)

In the prospectus, Waheed Nazir, the then Director of planning and regeneration at the Council claimed he'd made it easier for property developers by identifying and listing key sites across the city for development. The then Council Leader, Sir Albert Bore wrote that Birmingham was "open for business, and we mean business. The city is unrecognisable from a decade ago thanks the unprecedented amount that has been invested in growth. Businesses are flocking in record numbers, legions of young professionals are arriving, and *start-ups are thriving*. That success has brought an exciting housing challenge. It is a challenge we are determined to meet."

'The Birmingham Team' which included Bore, Nazir and Ward, presented the Housing Prospectus at the international real estate conference MIPIM in Cannes, on the French Riviera in 2015. While the 'Birmingham team' presented their plans to international investors and developers, back in Birmingham the enterprises and start-up businesses of Montgomery Street Business Centre were neither informed nor consulted about these plans. The business centre was fleetingly mentioned in the prospectus, which stated 'a number of premises are currently occupied and in separate ownerships. Relocation of existing business to safeguard jobs will be important.'

When we tried to find out more about the sale of our site, that was when we came across the Housing Prospectus. We only learned of this housing plan after we were informed of the sale of our business centre in 2019.

We would like confirmation that the Montgomery Street Business Centre would have been one of the first parcels of land on the strip highlighted on page 55 of the prospectus to be sold.

Assets of Community Value application

We applied to list Montgomery Street Business Centre as an Asset of Community Value (ACV) in November 2019. We had to hand deliver our application to an Officer in Neighbourhoods because the named contact on the forms, Dianne Cull, hadn't worked at the Council for over two years. The statutory limit for an ACV decision is eight weeks. We were made to wait six months to hear about the outcome of

this ACV process (See Appendix). This prolonged wait increased the anxieties and pressure on our businesses and livelihoods. We were compelled during this period to ask the Leader of the Council, Ian Ward, in a Council meeting to update us about the progress (see Appendix).

The Council later justified this delay as a substitute for the 6 month time period afforded to a successful ACV listing. We question the lack of due process and diligence around this. There would appear to be a considerable conflict of interests here that do not serve the best interests of the citizens of Birmingham.

Meeting with Birmingham City Council about our proposal to buy Montgomery Street Business Centre

After our appearance in the local press and on Central News, the first meeting we were finally able to secure with Council officers was on November 15th, 2019. At that meeting, Ian Chaplin from BPS and Ian Macleod, the Director of Inclusive Growth made it clear that our proposal as a not-for-profit Co-operative to make an offer to the Council to buy our site was contingent on a successful ACV application. They reluctantly deferred the planned auction of our site to February 2020.

In the Full Council meeting of February 4, 2020, we were compelled to ask Council Leader Ian Ward for an update on our ACV application, as a decision was overdue. In his answer, Mr Ward echoed the conditionality of the outcome of our ACV application on our offer to save our premises: "a meeting with the Co-operative took place in early December where it was agreed that the property would be withdrawn from auction pending the outcome of the Co-operative's application to have the site designated as an Asset of Community Value." He also stated that tenants of MSBC were notified by letter of the December auction in September.

The tenants of Montgomery Street Business Centre, only received a letter on November 5th 2019, saying the site would be auctioned by Bond and Wolfe on Wednesday 11th December 2019. Nobody received the letter referenced by Council Leader Ian Ward, that claimed we were notified in September.

Our second meeting with BPS was on 13th February 2020, with Ian Macleod, Ian Chaplin and Kathryn James. The meeting acknowledged the value and importance of our proposals and Mr Macleod invited the Montgomery Street Co-operative to make an offer to the Council for the Montgomery Street Business Centre. He also said the City supported small businesses and, "we were pushing on an open door". None of the Officers present mentioned any outcome of our ACV application. The meeting was very positive and supportive.

On 9th April 2020, Andrew Perry emailed with the news our ACV application was unsuccessful: "because there was insufficient evidence within the nomination to support the suggestion that the asset was one of community value."

We have since reapplied with support from NDSU to list our centre as an ACV and on 2nd December 2020 we were contacted by Andrew Perry to say our nomination was successful.

Birmingham City Council Report to Cabinet 5th March 2019, 'Property Prospectus - Tenders'

On page 6 of this report that was presented to Cabinet to approve the disposal of sites, Montgomery Street Business Centre is listed as part of the Council's Investment Portfolio with figures calculated for income, expenditure and net loss foregone (see Appendix). According to Azmat Mir (Property Services), the author of the report, the gross rental income 2017/18 was £62,000. The gross expenditure for this

particular year was £52,000. The net income foregone from selling our business start-up hub was just £10,000.

According to the Bond Wolfe catalogue the site generates a gross rental income of £61,000. This figure is consistent with the report to Cabinet. There is no mention, however, of the income generated by the Service Charge. We pay a similar level of Service Charges to our rent. As tenants, we cannot account for the £52,000 BPS claim to have spent during 2017/18 and we are very concerned that Cabinet was informed that the net loss foregone to the City of disposing of our site was only £10,000 a year.

We would like to ask Mr. Mir for an audited breakdown that includes the receipts/invoices of the claimed expenditure during 2017/18. We would like the Inquiry to pursue this too. We would also question the rationale behind evaluating the long-term economic value of the site by looking at just one year of gross expenditure.

Social Value and Community Wealth generated by Montgomery Street Business Centre

Montgomery Street not only provides resources and mutual support for economic resilience in deprived areas such as Sparkbrook. We also provide resources and opportunities for Community wealth generation that extend and multiply social value to our Community. All these aspects blend together in our centre.

Our centre provides opportunities for start-ups and enterprises at a local level, working with the weave of our community. We are able to offer opportunities for jobs, skills and training for our community and our services are accountable to our members. The benefits of our Co-operative lead back to the local community. The surplus we will generate will be recycled back into our community. Decisions about processes are decided democratically by our members. Local people govern our Cooperative and are accountable for it.

The purchase of the site by Montgomery Street Co-operative adds value to the community in ways that cannot be solely graded on the monetary market value of the site. We do not seek to develop the site as a commercial developer would do. We seek to manage the site as it was originally intended, improve it, and extend the services available to the local community in a not for profit manner.

It would be unfair to require Montgomery Street Co-operative to purchase the site at a full market rate when it will provide value to the local community in so many ways other than providing an asset sale to the Council.

In terms of building back better around Covid 19 recovery and regeneration, we should be promoting community based, collectively owned and democratically accountable groups such as our Co-operative.

Moving forward, we are proud as a Co-operative to be involved in this groundbreaking partnership with Birmingham City Council, who have recently joined the pioneering Co-operative Councils Initiative, around the transfer of our Business Centre to Birmingham's burgeoning Co-operative sector. We have forged new partnerships with Community Stakeholders such as the Ashiana Project and the Council's Inclusive Growth Directorate. Inclusive Growth are keen to work with us as Stakeholders in conjunction with their new Inclusive Strategy Plan for East Birmingham. We have also forged partnerships with CRT to clean up our much neglected Canal Basin and the Birmingham Civic Society around the heritage and community regeneration of our industrial buildings. There is considerable potential we can unlock with our

other partners and our membership of Locality to help mentor us, network and extend our reach further to our community.

Submitted on behalf of the Montgomery Street Co-operative by Alex McDonagh and Tom Thompson

3rd December 2020

Appendix

Kathryn James <Kathryn.James@birmingham.gov.uk>

10 October 2019 at 20:22

To: "montgomerystcoop@gmail.com" <montgomerystcoop@gmail.com>

Cc: Ian Chaplin <Ian.Chaplin@birmingham.gov.uk>, Waheed Nazir

<Waheed.Nazir@birmingham.gov.uk>, Felicia Saunders <Felicia.Saunders@birmingham.gov.uk>,

Clive Heaphy <Clive.Heaphy@birmingham.gov.uk>

Dear Mr McDonagh,

I refer to your emails dated 20th September and 3rd October in relation to the Council's proposed sale of Montgomery Street Business Centre and I apologise for the delay in responding.

Whilst I thank you for your approach, you will be aware Montgomery Street was declared surplus and advertised in the Council's property prospectus in November 2018. Ultimately the proposed sale to the Council's preferred bidder did not proceed and alternative bids received did not meet expectations, so the decision was taken to dispose of the asset via auction.

The decision to sell the asset will offer an opportunity for an investor to acquire and deploy capital to improve the fabric of the estate. There is no intention on the Council's part to disrupt businesses. Any prospective buyer would take the asset subject to the leases the tenants already hold. All leases benefit from protection under the Landlord and Tenant Act 1954, so a new landlord could not unilaterally terminate them or ask existing businesses to vacate.

The property is due to be sold at Bond Wolfe's auction on 11th December 2019, and you are of course very welcome to bid along with all other interested parties. You would need to ensure the legal status of your co-operative is properly established and have proof of funds in place in good time prior to the date of auction.

I hope this response addresses the issues raised but should you need further clarification, please contact Ian Chaplin, Head of Investment Property Management ian.chaplin@birmingham.gov.uk 0121 303 2650.

Kind regards

Kathryn

Name: Kathryn James MRICS

Job Title: Assistant Director Property Services

(:0121 303 3844 **(office)**)

Postal address: Property Services, Inclusive Growth,
Birmingham City Council, PO Box 16255, Birmingham B2 2WT

Sat Nav address: 10 Woodcock Street, Birmingham B7 4BL

<http://www.birminghampropertyservices.co.uk/>

From: Alex McDonagh <montgomerystcoop@gmail.com>

Sent: 20 September 2019 18:48

To: Kathryn James <Kathryn.James@birmingham.gov.uk>; Ian Chaplin
<ian.Chaplin@birmingham.gov.uk>

Subject: Montgomery Street Business Centre proposal

Dear Kathryn James and Ian Chaplin,

We are writing to you as a group representing the thirty unit holders at Montgomery Street Business Centre in Sparkbrook, Birmingham. We understand from speaking to Robert King at Birmingham Property Services that he has been instructed to auction our site some time in December. Robert King has advised us to contact you with a view to opening up a dialogue about securing the future of our site.

We would like to enter into discussions about making a commercially realistic offer for our site. We are in the process of incorporating as an Enterprise Cooperative, with the aim of self-managing the site as a not-for-profit Cooperative. We are confident that we are able to raise the funds to achieve this.

We are very keen to ensure that our businesses which are mostly small start-up enterprises are safeguarded for the future. We have the support of local Councillors who are keen to ensure this resource is safeguarded for their community and there are no job losses.

We estimate there are around eighty people directly employed on site in different businesses. These enterprises range from catering businesses, food production, printing services, metal polishing, electricians, skilled engineering, restoration, furniture makers, upholstery, a cafe, a laundry business, welding repair business and a Youth Training centre.

We are very concerned that given the start-up nature of most of these businesses, any disruption in terms of having to seek out other, more costly units in the city suburbs would incur huge unexpected costs and impact negatively on the prospects of our businesses surviving. There are also knock on effects to other commerce in the city linked to our businesses. This would also negatively impact on many jobs in the local community too.

The units at Montgomery Street Business Centre were built by the City Council to help incubate small start-up enterprises. They are small, low rent units that are ideal for small businesses in the community. We understand our units are very unique in this respect and are a real asset to our community that deserve preservation.

There are also some listed buildings circling our site which are very much a part of Birmingham's Industrial legacy. We understand from a famous local historian that our site was originally a Council Works. The Birmingham Union Canal which runs adjacent to our site was used to ferry building materials where they were unloaded to construct the housing and serve the factories of Sparkbrook and Small Heath.

We are very committed to saving our units at Montgomery Street along with our jobs and we are confident we can cooperate together to secure the site and improve it for generations to come. If you have any questions or advice, please don't hesitate to get in touch.

Given the urgency of this matter, we would like to suggest a meeting as soon as practically possible. We would also be really keen for you to come and meet us at Montgomery Street to forge a way forward.

Kind Regards,

Montgomery Street Enterprise Cooperative



HOUSE OF COMMONS

LONDON SW1A 0AA

22 October 2019

Mr Waheed Nazir
Director of Planning & Regeneration
Birmingham City Council
1 Lancaster Circus
Birmingham
B4 7DJ

Dear Waheed,

Montgomery Street Business Centre, Sparkbrook

The Montgomery Street Business Centre in Sparkbrook houses 30 units. These are small start-up businesses and they provide about 80 jobs for local people. As you are aware, Sparkbrook has one of the highest unemployment rates in both the city and the country.

I have spoken with a number of the unit holders who have expressed to me their concerns that their site is going to be auctioned off in December. They fully understand that the City Council has financial problems and will be looking to maximise its income from the sale of the site but any individual or organisation that wins the auction will be under no obligation to either maintain the current low-rent levels or, indeed, to retain the 30 units. I can imagine that, for example, a large "storage enterprise" might well view a facility like the Montgomery Street Business Centre as an attractive proposition and the current occupants could find themselves moved out if an organisation like the one I mentioned were to win the auction.

Units at Montgomery Street were built by the City Council to help small start-up enterprises and they have been very successful in meeting this objective. Unfortunately there are very few such facilities like this in Birmingham.

The unit holders at Montgomery Street are forming an enterprise cooperative which will be a not-for-profit organisation and whose aim is to make a commercially viable offer to buy the site and manage it themselves. This ought to be something that the City Council very much welcomed but if the site goes to auction without any "conditions" attached to the sale then they could end up being outbid by just such an organisation that I have mentioned in this letter. They are, therefore, seeking to engage with the City Council and I understand that

that they have written directly to Kathryn James and Ian Chaplin seeking immediate action to try and reach an agreement with the City Council.

I fully appreciate the City Council needs to maximise its income but there surely has to be other considerations as well. The City Council are seeking to encourage and promote employment and these 30 units provide 80 much needed jobs in the Sparkbrook area. If, therefore, the Council are insistent that the only way forward is to put these units for sale at auction then I would strongly suggest that "conditions" are attached to any purchase which will ensure that the units continue to be operated for the purposes that they are currently being operated and that any purchaser is precluded from charging rent greatly in excess of what the City Council currently charges. I believe that these are the bare minimum requirements that are needed but, as I have already said, I believe the better way forward is a "negotiated sale" to the newly formed enterprise cooperative which would then guarantee the businesses and jobs.

I would be most grateful for your consideration of the points that I have made.

Sincerely,

A handwritten signature in black ink, appearing to read 'Roger Godsiff', with a stylized flourish at the end.

Roger Godsiff MP

[<info@montgomerystreet.co.uk>](mailto:info@montgomerystreet.co.uk)

29/9/2020 10:18

To Karen Cheney, Councillor Lou Robson **Copy** Councillor Shabrana Hussain, Chris Jordan, Tahir Ali, Andrew Perry

Hi Everyone,

Thanks for engaging with my complaint, although I feel your response substantively fails to engage with the consequences that delaying the statutory 8 week period to process our Asset of Community Value application to 6 months impacted on our lives and our businesses. The majority of our businesses are start-ups. The impact of this lack of communication and delay has had a considerable impact on us, arguably more so than the impact on them if they were established businesses.

During this period, you did indeed email us to say you were eventually processing our ACV. At no point did you email us to say you your panel would take over 6 months to give us a decision. The Council imposed a condition on our proposal, as a not-for-profit Co-operative to buy Birmingham's last remaining business hub, and that condition was contingent on a successful ACV application. You set these terms, we constructively engaged in them.

We were never made aware that this delay was in fact based on a decision made prior in consultation with your Property Services division. To present this as a justification for the delay as a substitute for the time period afforded to a successful ACV listing where as applicants we would have been notified after 8 weeks, is alarming to say the least and we'd question the lack of due process and diligence around this. There is potentially a considerable conflict of interests here that do not serve the best interests of the citizens of Birmingham.

Our members have suffered a considerable amount of distress because of this delay. One of our Co-operative members, tired and anxious of the lack of certainty and the dilapidated condition of our site, actually moved to another industrial estate outside of Birmingham. This resulted in considerable expense and disruption to their business which employs three people. I understand their trade has also suffered directly as a consequence to this. The rest of us have also been considerably impacted not only by the dilapidated condition of our business centre, that we pay disproportionately high service charges for, but also the uncertainty hanging over us. There are no small affordable units left in this City, your Property Services division has been instructed to sell them off.

In desperation, on February 1st 2020, I even had to take a day off and go to a Council meeting to physically ask the leader of the Council directly for an update on the progress you were making with Montgomery Business Centre.

<https://twitter.com/MontgomeryCoop/status/1223659250288877569>

I cited the fact that Ian Ward in a cabinet meeting claimed you as a Council needed to communicate better with tenants like ours facing 'surplus' status and imminent 'disposal'. He even cited the experience tenants in the Jewelry Quarter experienced who had their premises sold off. As tenants we discovered our site was up for auction in a Bond Wolfe auction catalogue way before we were even notified by our landlords, Property Services. If it helps I can prove the dates on the letter from Property Services versus the date on the auction catalogue. Again Ian Ward in his response to my question mentioned the outcome of our survival was contingent on the ACV process. At this point in time, it's worth noting, that over 8 weeks had elapsed since our application had been made to you.

Fast forward to the Cabinet meeting of June 23rd and your discussion around the Localism Act and the ACV process. We were particularly unimpressed, particularly as you made mention to a Local Government Ombudsman action against Birmingham City Council in 2018 where they recognised that you were taking too long to communicate the decision of an ACV nomination/application. Here we are in 2020 and I'm not alone in asking, what exactly has changed here?

Moving forward, I am happy to engage with Andy Perry and I appreciate your offer to help us with a new application with "*new and material information*". I have re-read our initial application and I fail to see the lack of evidence to support the fact we are of considerable social benefit to our local community.

We are saving Birmingham's last remaining business start-up hub from developers; keeping around 80 jobs safe, ploughing profits back into the site to improve it for generations to come and even using those profits to even reduce rents for future start-ups. Sparkbrook has some of the highest levels of deprivation and youth unemployment in the country. We have a Youth Training Centre, which incidentally is receiving a visit this week from the National Lottery and a Community Cafe. Where is the lack of Community benefit here? Where is the lack of social value?

The Reach Fund panel have recognised the impact of our project on the social and economic well-being of our Community. They have awarded us a grant of £13,050 to help us secure financial help with our lending and help with our governance, marketing and board composition. This sits in stark contrast to the ruling of your ACV panel.

I look forward to hearing from Andy Perry and submitting a new ACV application.

Kind Regards,

Alex McDonagh (on behalf of the Montgomery Street Co-operative)

On 28/09/2020 09:57 Karen Cheney <karen.cheney@birmingham.gov.uk> wrote:

Good Morning Councillor Robson

The Montgomery Street Asset of Community Value Nomination (ACV) was unfortunately unsuccessful following their first submission. However I have initially spoken at length with Mr McDonagh in relation to this and his other complaints. This has been followed up in writing. It has been explained that a new ACV submission can be made straight away with *"new and material information"* and the offer was made that the NDSU would support him with any new submission, particular any new supportive evidence.

As you will know Councillor, as part of the set out ACV procedure, there is no right of appeal to the original decision. I know that Alex and the group are unhappy about this and I understand their frustration, but they are the rules as written within the process. However any new submission would give the group the opportunity to present a new robust case with more supporting and relevant evidence and information.

In relation to the other points in the complaint they have been responded to as follows:-

- We had previously acknowledged that the information on the BCC website was incorrect and I apologised on behalf of the City Council for this. It wasn't good enough. Since the ACV

Process has been transferred to the NDSU the details have been updated and corrected. However a submission was still made by handing it in to BCC Offices and the forwarding of their original e-mail to Dianne Cull onto Chris Jordan on 8-11-2019 so the actual process wasn't delayed but it is recognised it wasn't straight forward – an important lesson learnt for the City Council

- An email was sent to Mr McDonagh on 21st January 2020 confirming that a Report was in the process of being written and a decision would be communicated .
- It is unfortunate, that the decision regarding the nomination of the Business Centre was protracted and not made until 9th April 2020 but this was communicated to Mr McDonagh on 10th April 2020.
- A number of the complaints were not necessarily about the ACV process and decision but comments directed at Inclusive Growth- Property Services which I am unable to comment on but will pass them on to the officers concerned so they are aware of the complaints and ask that they provide a written update to confirm the current position as soon as possible. I understand that Mr McDonagh has been in dialogue with Inclusive Growth colleagues for in excess of six months, which was to provide at least the same time as within the ACV nomination process to be prepared for when the property came to market.

I hope the above information brings you up to date with the situation.

Best Wishes

Karen

Karen Cheney

Head of Service – Neighbourhood Development and Support Unit (NDSU)

Lead Facilitator- Selly Oak Constituency Neighbourhood Network Scheme

Bond and Wolfe Auction Catalogue December 2019

PRELIMINARY ANNOUNCEMENT
TO BE OFFERED FOR SALE AT OUR AUCTION ON THE 11TH DECEMBER 2016

**Montgomery Street Business Centre,
272 Montgomery Street,
Birmingham B11 1DS**

***GUIDE PRICE
£500,000+**



A FREEHOLD COMMERCIAL INVESTMENT PROPERTY
CURRENT GROSS INCOME: CIRCA £61,000 PA

DESCRIPTION

A Freehold industrial estate investment property with a canal basin. It occupies a prominent site adjacent to the Grand Union Canal and opposite the grade II listed Marlborough Public House and close to Small Heath Station. The site features attractive early 1900's industrial units at the site frontage and modern units towards the rear, which were built in the 1980's.

TENURE

Freehold - Subject to the existing tenancies.

SITE AREA

We understand that the site extends to some 0.42 hectares (1.03 acres) or thereabouts.

TENANCY DETAILS

The site comprises of 33 units, 3 of which are not in a suitable letting condition, the remaining 30 units are mostly let on a variety of short term business tenancies producing a current income in the region of £61,000 per annum. (full Lease details and occupancies will be available within the legal pack).

AUCTIONEERS NOTE

1. Please note no offers will be considered prior or post the Auction Sale.
2. The property will be sold on the understanding that the 10% deposit must be paid by a Banker's Draft made payable to Bond Wolfe Auctions. No other means of payment will be accepted and failure to do so will result in the property being re-offered for sale.
3. In addition to the purchase price, the purchaser will be required to pay the Council's professional fees of £2,250.
4. In addition to the purchase price, the purchaser will be required to pay the Auctioneer's fees as stated within the legal pack.

VIEWINGS

The site is open for viewings during normal office hours.



 **Birmingham
City Council**

Description:

This is an area of older industrial premises that adjoins the Grand Union Canal. The site is on the edge of the Sparkbrook area which contains a wide range of local amenities and which has good access to the City Centre. Some premises are still in use whilst others are vacant or partially occupied. The area has longer term potential for mixed uses including new employment and residential uses. The housing development could comprise up to 300 dwellings.

Type of housing:

There are opportunities for a range of housing types that could meet local housing needs as well as address the development opportunities of a canal frontage. This could include higher density housing and apartments.

Potential capacity:

Around 300 new homes.

Size of site:

Around 4.6ha.

Delivery considerations:

A number of premises are currently occupied and in separate ownerships. Relocation of existing business to safeguard jobs will be important. Informal planning guidance will be prepared to address the detailed site issues.

Planning status:

This is a longer term development opportunity dependent upon site assembly.

Anticipated timescales for delivery:

This opportunity will come forward within a medium to longer term timescale.

Birmingham City Council contact:

Noreen Akhtar
Planning and Regeneration
Telephone: (0121) 675 9272
E-mail: noreen.akhtar@birmingham.gov.uk

Landowner or agent contact:

The site is currently in multiple ownerships. Please contact the City Council in the first instance, who will be able to advise on the relevant contact.



Service Charge Audit RDP97

RDP97

BIRMINGHAM CITY COUNCIL
PROPERTY SERVICES

SERVICE CHARGE STATEMENT

BBC 2 Montgomery Street

	£
	0.00
Opening Balance 1/4/2015	198,757.30
Service Charge Expenditure 2015/16, 2016/17, 2017/18, 2018/19	(262,776.64)
Service Charge Collected 2015/16, 2016/17, 2017/18, 2018/19	(64,019.34)
Closing Balance 30/3/2019	(64,019.34)
Opening Balance 1/4/2019	98,491.22
Estimated Service Charge Expenditure 2019/20	34,471.88
Total to be collected 2019-20	

34,471.88

Total Service Charge Due April 2019 - March 2020

8,617.97

Total Proposed Quarterly Service Charge for Property

1,206.90

Total Building Area Subject to Service Charge (Sq Metre)

7.14

Proposed Quarterly Service Charge Per Square Metre

Total Proposed Annual Service Charge for Property

Carried Forward Adjustment	(64,019.34)
Insurance	1,940.35
Caretaker	0.00
Electricity	8,034.69
Gas	0.00
Site Cleaning	0.00
Miscellaneous Costs	0.00
Hygiene	110.28
Security	3,305.23
Waste	0.00
Cleaning	1,624.86
Repairs & Maintenance	14,889.15
Water	18,595.94
Management Fee	6,871.48
GMR	30,000.00

21,352.64

Total Quarterly Service Charge Due April 2019 - March 2020


8,617.97

Finance Certificate

I certify that my officers have examined the statement of the service costs and charges to the tenants of this property for the year ended 31/3/2020

In my opinion this statement is :-

- (1) A true and fair view of the actual costs incurred and income received for the property, and
- (2) Sufficiently supported by records which have been made available to me.



Rob Pace
 Finance Manager
 Birmingham

Date 25/2/2020

SERVICE CHARGES – MONTGOMERY STREET RDP97

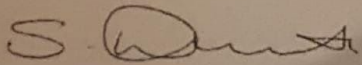
Please find overleaf the statement of revised Service Charges as required under the terms of your agreement. The statement represents the budget and charges for the whole site and not the individual unit. I must apologise for the delay in revising the charges and point out that they reflect the full period since the last statement and include the relevant carry-forward balances. As a result, forecast expenditure has varied significantly from income collected and consequently, I am pleased to say that the service charge has been reduced from £13.56 per metre per quarter to £7.14, which is a reduction of 47%.

The new charges will commence March Quarter 2020.

The next quarter's invoice will detail the new service charge for your individual unit, which you will receive shortly.

Should you have any queries regarding your Service Charge, please contact Sue Whelton, Tenant Manager on 0121-675-2590.

Yours faithfully



Sue Whelton
Tenant Manager

Enc: Service Charge statement

Tenant Manager
Inclusive Growth
PO Box 16255
Birmingham
B2 2WT

Client: Urban Design		Job No: 10H/1804	
Location Address: Montgomery Street Business Centre, Montgomery Street, Sparkbrook, Birmingham, B11 1DS		Sampled By: A. Peace	
Building: Main		Survey Date: 02/02/2011	
Floor/Room: 11 - Sheds to rear of Unit K		Material: Cement board	
Position: Floor		Sub-Type: Panel	
Sample Taken: Yes	Analysis: Hazard Confirmed Chrysotile		Analyst: R. Watkin
Reference Number: 10H/1804/009			Date Analysed: 25/03/2011
Risk Assessment			
Asbestos Type	1	Location	0
Condition	3	Surface Treatment	1
Accessibility	1	Product Type	1
TOTAL SCORE		ASSESSMENT CATEGORY	
9		C	
Recommendations			
ACT09987	Monitor condition		
ACT09988	Remove		
Comments:			
			

Survey Data Sheets

Surveyor	Nazir Korimbocus	Building	Block 6
Survey Type	Management	Floor	0
Survey Date	10/09/2020	Location/ Room	018 - Storage sheds behind K
Next Inspection	10/09/2021	Sample No	S012
Level of Identification	Sample Analysed	Inspection Ref	555972



Description Wrapped cement panels.

		Score
Asbestos Type	CHRYSTILE	1
Product Type	Cement Panels	1
Extent of Damage	High Damage	3
Surface Treatment	Unsealed cement / Enclosed lagging or spray / Encapsulated board	1
Estimated Amount	Unknown	
Accessibility	Easily Disturbed	
Risk Score		6

Recommendation	Restrict Access and Remove
Notes	Cement roofing panels wrapped in red and clear polythene sheeting. The polythene has begun to degrade and is offering very limited protection to the material. loose unsealed debris is also present in the area.

Council Meeting Question 4/2/2020

<http://civico.net/birmingham/democratic-services/8971>

Question starts at 06:14

Alex McDonagh on behalf of the Montgomery Street Co-operative

Q: Council Leader Ian Ward in a cabinet meeting on 5th March 2019, committed to communicating more effectively and efficiently with occupiers of sites the Council had deemed 'surplus' and were disposing of.

In January 2019, the Council attempted to sell our site, Montgomery Street Business Centre on the canal side in Sparkbrook. As tenants we were informed of this action just before Christmas. We were then informed our site was to be auctioned last December. We were told about this just a few weeks before too.

We quickly started a campaign to save our units and around eighty jobs from auction on the open market. We formed a Cooperative to make the Council a commercially viable offer to buy our site and run it as a not-for-profit ourselves.

We understand Montgomery Business Centre is the last remaining business start-up hub in the city and we want to preserve this asset for generations to come.

After a year of uncertainty and anxiety, as a community of business owners and workers we need some assurances and certainty.

We would like an update on your progress with Montgomery Street Business Centre.

(08:12) Council Leader Ian Ward's response:

A: Thank you very much Lord Mayor and thank you Mr. McDonagh. I hope you are seeing some improvement in our communications with you and colleagues on this site.

The Council's intention to dispose of the Montgomery Street Business Centre along with a number of other assets from the Council's commercial property portfolio was approved by Cabinet back in November 2018. Tenants at the business centre each received a letter notifying them of the Council's intention to sell the site.

The asset is considered to be an investment opportunity and will be sold with the benefit of the existing tenancies. I think it's important to note that each of the tenants on site has a tenancy which retains protection under the security of tenure provisions of the Landlord and Tenants Act 1954. So a new owner could not unilaterally elect to simply terminate the tenancies or ask existing tenants to leave.

The original bid which was accepted to sell the site eventually fell through and the decision was taken to re-advertise and dispose of the site via auction. Correspondence between the Co-operative and the City Council has been ongoing since 4th September last year when you were first informed of the Council's intention to go to auction in December of last year. As you point out, you were formally given notification by letter dated 5th November 2019 to confirm the date of the auction.

However, subsequently, a meeting with the Co-operative took place in early December where it was agreed that the property would be withdrawn from auction pending the outcome of the Co-operative's application to have the site designated as an Asset of Community Value.

That application has now been considered by the Council and the outcome is subject to a draft report which is yet to be formally approved. A further meeting, as I understand it, with the Cooperative is due to take place on the 13th September and I am making every effort to ensure that you are informed of the outcome of your application for an Asset of Community Value at that meeting. Thank you.

Birmingham City Council Report to Cabinet 5th March 2019, Property Prospectus - Tenders

Table 1 Investment Portfolio

Address	Ward / Portfolio	Tenure	Gross Rental Income 2017/18 £m	Gross Expenditure 2017/18* £m	Net Rental Income Foregone £m
58-60 Caroline Street City Centre B3 1UF	Soho and Jewellery Quarter/ Commercial Portfolio	Freehold	(0.044)	0.014	(0.030)
Port Hope Road and Kyotts Lake Road Industrial Estate Sparkbrook B11 1JT	Sparkbrook/ Commercial portfolio	Freehold	(0.159)	0.002	(0.157)
Sydenham Road Business Centre	Sparkbrook/ Commercial portfolio	Freehold	(0.042)	0.013	(0.029)

Page 5 of 8

Sparkbrook B11 1DG					
Montgomery Street Business Centre 272 Montgomery Street Sparkbrook B11 1DS	Sparkbrook/ Commercial portfolio	Freehold	(0.062)	0.052	(0.010)
11-17 Pitsford Street City Centre	Soho and Jewellery Quarter/ Commercial Portfolio	250 year leasehold	(0.050)	0.112	0.062**