

# Birmingham City Council

## Report to Cabinet Committee- Property

25<sup>th</sup> July 2024



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<b>Title:</b>	<b>SALE OF LAND AT THE PEDDIMORE ESTATE, MINWORTH, BIRMINGHAM.</b>
<b>Lead Cabinet Portfolio:</b>	Councillor Sharon Thompson the Deputy Leader and Cabinet Member for Economy and Skills
<b>Relevant Overview and Scrutiny Committee:</b>	Economy, Skills and Culture Cllr Katherine Iroh
<b>Report Author:</b>	Andrew Bradley, Property Development Surveyor Investment and Valuation Division Place Prosperity & Sustainability Directorate Andrew.Bradley@birmingham.gov.uk
<b>Authorised by:</b>	Philip Nell, Strategic Director Place Prosperity & Sustainability Directorate
<b>Is this a Key Decision?</b>	Yes
<b>If this is a Key Decision, is this decision listed on the Forward Plan?</b>	Yes – 012745/2024
<b>Reason(s) why not included on the Forward Plan:</b>	Not Applicable.
<b>Is this a Late Report?</b>	No
<b>Reason(s) why Late:</b>	Not Applicable.
<b>Is this decision eligible for ‘call in?’</b>	Yes
<b>If not eligible, please provide reason(s):</b>	Not Applicable.

**Ward:** Sutton Walmley and Minworth

**Does this report contain exempt or confidential information?**

Yes

**Exempt Information**

Appendices 2, 3, 4 and 6 is exempt from disclosure by virtue of the following Paragraphs of schedule 12A to the Local Government Act, 1972 as amended:

Paragraph 3 - Information relating to the financial or business affairs of a particular person (including the authority holding that information).

**Has this decision been included on the Notification of Intention to consider Matters in Private?** Yes

**Reasons why not included on the Notification:** Not Applicable.

## **1 EXECUTIVE SUMMARY**

- 1.1 This report seeks to inform Cabinet Committee Property and seeks authority for the freehold sale of the Council owned land at Peddimore Estate, Minworth, Birmingham.
- 1.2 The subject property has a site area of 46.1 hectares (114 acres) approximately and is shown edged bold black on the attached plan at Appendix 1.
- 1.3 On 06<sup>th</sup> March 2018 cabinet authorised “the Assistant Director of Property to commence the marketing, disposal and development of the phase 2 site “.

## **2 COMMISSIONERS’ REVIEW**

- 2.1 Commissioners support the recommendations.

## **3 RECOMMENDATIONS**

### **That Cabinet Committee Property**

- 3.1 Authorises the Assistant Director of Investment & Valuation to conclude an unconditional sale of the Council owned freehold land at The Peddimore Estate Minworth, Birmingham, (“the Property”) as shown edged bold on attached plan at Appendix 1, and extending to 46.1 hectares (114 acres), to the Purchaser as detailed in exempt Appendices 2 and 3.
- 3.2 Notes that the purchaser will also pay a contribution towards the Council’s surveyor and legal costs, as detailed in Exempt Appendix 2.
- 3.3 Authorises the Assistant Director of Investment & Valuation to revert to the under bidders in the event of a failure to complete the transaction within the prescribed timeline.
- 3.4 Authorises the City Solicitor to prepare, negotiate, execute and complete all relevant legal documentation to give effect to the above.
- 3.5 Note the feedback from Economy, Skills and Culture Overview and Scrutiny Committee and the response set out in paragraph 7.2 and Exempt Appendix 6.

## **4 KEY INFORMATION**

### **Context**

- 4.1 The site is situated to the north of the city centre, in proximity to the M6 toll motorway. This is Phase 2 of the Peddimore development. Phase 1 having been sold to IM Properties plc (“IMP”) in 2018.
- 4.2 Since 2018 IMP has brought the Peddimore Phase 1 development forward by obtaining planning approval and stopping up orders for highways, entered

construction contracts for the delivery of all earthworks, infrastructure, servicing and landscaping. Phase 1 is now substantially completed and occupied by Amazon's 2.7M sq. ft. warehouse, with two further plots remaining for future construction.

- 4.3 As part of their contract with the council, IMP has constructed a development plateau of the Council's phase 2 development site and undertaking enabling works. It was always the intention once these plateau and enabling works were completed the council would take the site to the market to secure a developer or occupier for this strategic industrial development site.
- 4.4 The Council's phase 2 development plateau and all surrounding landscaping land, shown shaded grey on attached plan at Appendix 1, is now available for sale to a suitable purchaser via an open market sales process.
- 4.5 Following the appointment of marketing agents, Savills, the property was offered for sale to the open unrestricted market by informal tender with a closing date of 26<sup>th</sup> April 2024. A second deadline of 07 May 2024 was required to allow for bidding clarifications.
- 4.6 Tenders were invited on an unconditional basis, and detailed planning guidance was produced to support and inform the process.
- 4.7 The outcome of the tender process, tenders received and recommendations for sale are detailed at Exempt Appendix 2 and in Savills' Best Consideration Report at Exempt Appendix 3, which also includes an estimate of value of the Property.
- 4.8 It is intended the purchaser will construct a manufacturing facility on the site delivering approximately 680 – 700 jobs.

#### **4.9 Proposal and Reasons for Recommendations**

- 4.9.1. The proposed sale represents best consideration and has been validated by Savills and the Assistant Director of Investment & Valuation, based upon analysis of the bidders' proposals. The offer represents the least risk to the Council in terms of deliverability and least conditionality.

#### **4.10 Other Options Considered**

- 4.10.1 **Option 1 - Do Nothing.** The Council is under no obligation to proceed with the proposal and would suffer no reputational consequences if it did not proceed. It would not, however, be in line with the aims of the Property Strategy or the external advice obtained to support delivery of the Strategy. The negotiated capital receipt would not be realised at this time and would not be available to support the City Council's Financial Recovery Plan.

4.10.2 **Option 2 – Property Retained for Reuse and / or Development by the Council.** This option is not available, Cabinet having already authorised disposal.

4.10.3 **Option 3 – Proceed with Agreed Transaction.** It is recommended to proceed with the transaction outlined in this report, in line with the aims of the Property Strategy and the external advice obtained to support delivery of the Strategy, to deliver a capital receipt to support the Council's financial recovery.

## **5 RISK MANAGEMENT**

5.1 The recommended course of action is seeking to mitigate the risk of a sale not proceeding and remove the uncertainty around the future value of the property.

5.2 To meet the expectations of the prevailing property market, the Council has committed to deliver as per the agents' recommendations in Exempt Appendix 3, to avoid a potential loss of the capital receipt.

## **6. CONSULTATION**

6.1.1 The Sutton Walmley and Minworth ward members have been notified of the proposed sale of this property.

## **7. MEMBER ENGAGEMENT**

### **7.1 Ward Councillor(s)**

The Sutton Walmley and Minworth ward members have been notified of the proposed sale of this property as follows;

Councillor Barrie was consulted by email on 26th June 2024, responding on 26<sup>th</sup> June with the comment "Supportive as this enables manufacturing use of the site and creates a significant number of jobs, of which we hope many would be open to local residents".

Councillor Wood was consulted by email on 26<sup>th</sup> June, responding on 27<sup>th</sup> June with the comment "I concur with my colleague Councillor Barrie in that no great concern provided the jobs created are in manufacturing with access to them enjoyed by local residents. Would also like to see apprenticeships etc created".

### **7.2 Overview and Scrutiny**

The Economy, Skills and Culture Overview and Scrutiny Committee undertook pre decision scrutiny on 3 July 2024. Appendix 6 sets out their recommendations, the key points arising from their discussions and the response in more detail. In summary, the Committee made three recommendations:

7.2.1. The Committee welcomed the disposal of this land and its contribution to providing 680-700 manufacturing jobs with a proposed carbon neutral facility.

7.2.2. The Committee is satisfied in line with section 123(2) of the Local Government Act 1972, that the Council is intending to dispose of land for consideration at the best value that can be reasonably obtained.

7.2.3. The Committee notes the steps taken to ensure the Council has considered how it benefits from any future increases in value of the land after its sale; and

7.2.4. The Committee is assured that risks have been identified, considered and a management plan is in place to mitigate them.

7.2.5 In response officers confirmed appropriate contractual measures will be employed to protect the council's legal position and also consultations were already in place to commence support for the purchaser to achieve the proposed outcomes in respect of building design, construction and operational employment outputs.

### 7.3 **Other**

Not Applicable.

## 8. **IMPACT AND IMPLICATIONS**

### 8.1 **Finance**

The Assistant Director of Investment & Valuations and external advisors consider this proposed sale represents best consideration based upon analysis of the bidders' proposals as per Exempt Appendix 3.

8.1.2 The purchaser will pay a contribution towards the Council's professional costs related to the disposal as detailed in Exempt Appendix 2.

8.1.3 Upon exchange of contracts the purchaser will pay a nonrefundable deposit as set out in Exempt Appendix 2.

8.1.4 The purchase price, including any contribution to the Council's costs, is exclusive of VAT.

### 8.2 **Legal**

8.2.1 Sections 120-123 of the Local Government Act 1972 authorises the Council to acquire, appropriate and dispose of land. The disposal power in Section 123 of the Local Government Act 1972 is subject to the best consideration test. The Assistant Director of Investment & Valuations has confirmed that the recommended sale, as detailed in Exempt Appendices 2 and 3, represents best consideration and satisfies the Council's obligations under Section 123 of the Local Government Act 1972.

8.2.2 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 the power, and Section 111 of the Local Government Act 1972 contains the Council's ancillary powers in relation to the discharge of its functions, including the disposal and acquisition of property and the expenditure of money.

8.2.3 The Local Government Act 2003 and guidance issued under it authorises the Council's investment management functions.

8.2.4 Exempt information: Schedule 12A of the Local Government Act 1972 (as amended) Paragraph 3. Information relating to the financial or business affairs of any particular person (including the Council). Exempt Appendices 2 and 3 are considered to contain commercially sensitive information of a financial or business nature, which if disclosed to the public could be prejudicial to a named person, individual or company and in the public interest to keep exempt.

8.2.5 The Council's has appointed external solicitors Pinsent Mason to complete all legal matters associated with the transaction.

### **8.3 Equalities**

8.3.1 An Equality Assessment has been carried out EIA000456 dated 24<sup>th</sup> June 2024 and is attached at Appendix 4. This identifies no adverse impacts on any groups protected under the Equality Act 2010.

### **8.4 Procurement**

N/A

### **8.5 People Services**

No staffing implications.

### **8.6 Climate Change, Nature and Net Zero**

N/A - This report recommends disposal of the Property. The council's R20 Net Zero team have been consulted and confirm after disposal the purchaser's future development will comply with the Peddimore SPD in "achieving lean and green future operations. Buildings will need to aim to achieve BREEAM excellent accreditation" and "consideration of how the power, heating and cooling demand can be met by on-site energy generation from low/zero carbon sources.

### **8.7 Corporate Parenting**

N/A

### **8.8 Other – Employment**

N/A - This report recommends disposal of the Property. The council's Planning and Employment Access team have been consulted and confirm the purchaser's future development and operation will comply with the Peddimore Local Employment Strategy engaging on social value / job skills / training initiative conditions and review by the North Birmingham Economic Recovery Board.

## 9. APPENDICES

- 9.1 Appendix 1 – Sale of the Peddimore - Site Plan
- 9.2 Exempt Appendix 2 – Private Report Sale of Peddimore
- 9.3 Exempt Appendix 3 – Peddimore Best Consideration Report by Savills
- 9.4 Exempt Appendix 4 – copy Private Cabinet Report dated 06<sup>th</sup> March 2018 entitled “Peddimore – Appointment and Contract Award Of The Preferred Bidder”.
- 9.5 Appendix 5 – Equality Impact Assessment EIA000456
- 9.6 Exempt Appendix 6 – Overview & Scrutiny Pre-Decision Summary 03<sup>rd</sup> July 2024

## 10 BACKGROUND PAPERS

- 10.1 Copy Public Cabinet report dated 06th March 2018, entitled “Peddimore – Appointment and Contract Award Of The Preferred Bidder”. CMIS link to report: [Decision Details: Peddimore - Appointment and Contract Award of the Preferred Bidder, Phase 1 Site \(cmis.uk.com\)](#)