

## Councillor Phil Davis, Chairman, Jewellery Quarter Development Trust

### Scrutiny Inquiry - City Council Owned Assets- Birmingham Property Services Approach to Site Disposals and Community Value.

- 1). Thank you for inviting submissions to the above.
- 2). My interest in this inquiry arises from my role as City Heritage Champion and in private roles such as my voluntary directorship on the Jewellery Quarter Development Trust. My evidence relates mostly to your wish to explore the experiences of prospective purchasers and the role of community value, if any, in Council asset sales.
  - 2)a. Paras 14 and 15 below include my main suggestions for action. Two supporting documents also follow this letter - a draft press release on the Vyse St issue and the covering letter to Birmingham Property Services/K James explaining the JQDT tender and partnership offer.
- 3). The City Council manages numerous older buildings in conservation areas and elsewhere which either have special official heritage status and/or community value. While we have seen improvements at Birmingham Property Services in the last few years concerning transparency and communications with local organisations, there appears to be no effective mechanism at BPS allowing them to consider property deals, sales and partnerships that, in a limited number of cases, recognise both the commercial and community value of particular sites.
- 4). VYSE STREET TRIANGLE (Jan.2019)  
JQDT experienced the limits of BPS's current remit in 2018/19. A significant but under-utilised site in the JQ at Vyse Street B18, was put up for sale by the Council. This arose from the large scale Council property sale launched via the prospectus BCC issued in late 2018.
- 5). The Vyse St site, opposite the JQ rail station, is defined by the triangle of Spencer St., Hockley St. and Vyse St. Its frontage onto the station is largely occupied, but other parts of the site were under promoted and out of use. In 2011/12 the City Council had talks with the JQ Development Trust/BID concerning a partnership to realise the potential of the site, involving a possible design and skills centre. Although a paper supporting such a partnership went to Cabinet, BPS subsequently decided not to proceed.
- 6). In late 2018 JQDT learnt of the proposed commercial sale of Vyse St Triangle from the BPS sale prospectus launched that autumn. Subsequently, in late December Asst. Director Kathryn James, met members of the JQ Board and potential investors (an established JQ owner providing SME start-up office accommodation in the Quarter), to explain and answer general queries on the tender and sales process. There were some concerns (see JQDT tender cover letter) that the Council sales prospectus misrepresented the planning regime locally and the JQ conservation area requirements. To address the Council's wish to achieve a sale but to also address the local context, JQDT raised the possibility of a new partnership between BCC, the BID/Development Trust and a commercial partner.
- 7). Subsequently, JQDT with the support of its putative local commercial partner, submitted a tender and set out its initial partnership proposals to BPS. A notional tender of £10,000 was made to meet the technical requirements of the tender process.

8). The Development Trust and its partner always recognised that more substantial financial commitment would be required down the line. The offer was an invitation to engage with established local partners in a joint deal. The aim was to realise both value for the City and local investment by those already committed to the JQ.

9). Following the tender submission, JQDT's next contact with Birmingham Property Services was a letter stating that our tender had been rejected. A Cabinet report was considered in March proposing a purely commercial sale. (It is not clear that this sale was proceeded with).

10). No response to the JQDT tender proposal seeking dialogue on a partnership alternative to a purely 'highest bidder' sale, were received. Presumably, BPS were constricted by their policy brief to highest cash value as the only principle they could follow.

11). Assistant Director and Property Services senior manager Kathryn James has, in fact, made efforts to meet groups such as the BIDs and to share more information than was previously BPS's practice. This deserves recognition, but without a framework that allows BPS to deviate from a strictly 'top dollar' approach, opportunities to innovate, invest and develop with the grain of the local community, are lost

## 12). IS A COMMUNITY VALUE PROTOCOL REQUIRED?

What was missing in the 2018/19 sale process was provision for discussion with bona fide bidders offering deals with elements additional to purely cash value.

The Vyse St site had not been identified in any formal process as an Asset of Community Value. The current ACV process appears to apply, in practice at least, only to assets such as green open space or structures of minimal/negative commercial value.

13). While the Council needs to benefit its taxpayers by realising full value on its redundant assets and most sales are likely to be uncontroversial, there will be an identifiable number of sites where additional factors apply. This was recently apparent at the Montgomery Street site.

14). The Council already has a Community Related Asset protocol. My perception, (which may be mistaken), is that the CRA process has focused chiefly on disposals with minimal commercial value or dominant heritage and conservation requirements. Could the CRA, or some amended variant linked to the Assets of Community Value process, help define the community related elements BPS needs to take account of in some site disposals?

15). However community value is defined, future property disposals should:

- a). require BPS to give prior notice of planned disposals in BID areas to the BID and to other local statutory partnerships (e.g. Local Plan bodies) and to seek their response.
- b). include a duty on BPS to consider community value based tenders alongside purely commercial tenders;
- c). require BPS to engage proawith BIDs, Development Trusts and community associations where they submit tenders.

16). Pre-emptively, Birmingham Property Services could also be required to consult local organisations, (perhaps starting with Business Improvement Districts), to draw up a list of sites in City ownership which are considered to have both commercial and community value.

17). I hope these comments assist the Committee. My knowledge of the Vyse Street example arises from my then role as Chair of the JQDT. This evidence is, however, submitted in a personal capacity, but with the knowledge of the Jewellery Quarter Development Trust.

I would be happy to speak to this evidence at Committee.

Two documents follow below.

Sincerely

Cllr P M Davis MBE  
City Heritage Champion

Continued-

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DOC 1

**Subject: Vyse Street Sell-Off: Council Told ‘Talk to Jewellery Quarter’**

**PRESS RELEASE** (JQ Development Trust/Business Improvement District)

Faced with a ‘fire sale’ of Council property in Birmingham’s historic Jewellery Quarter, businesses and residents are calling on the City to ‘talk to us’. They say the Council needs to look at its proposed sale of the Grade 2 listed Vyse Street ‘Triangle’, not just as a cash sale, but as a chance to realise both financial and community value.

Philip Davis, Chair of the JQ Development Trust, is calling for talks with the Council about the gateway site, which is opposite the JQ railway station.

‘We have already offered the Council a partnership. We are happy to see some development value of the site realised, but this is also a heritage site in a key location. It also hosts traditional JQ small businesses. It needs a joined-up approach.’

Mr Davis said a cash sale to a developer could simply mothball the site. ‘Planning and conservation protections rightly prevent a mass conversion to housing. Yet the Council prospectus wrongly suggests this is possible. It is misleading and risks creating another ‘frozen’ site in the Quarter, which could

sit slowly decaying’.

He pointed to semi-derelict areas of the JQ where this had already happened. ‘Legge Lane has areas of abandoned property decaying because of unrealistic developer attitudes. We must not create a similar problem on Vyse Street’.

‘With the Council, we want to do something better. But the Council has to accept a genuine partnership with us and the right investors. Are they up for it?’

He said both the Trust and the local Business Improvement District (BID) have a track record of attracting Lottery and other cash to the Quarter. The Trust was already running a £2.1 million Lottery funded ‘Townscape Heritage’ project.

‘With the right attitude from the City Council, external support may be possible for Vyse St.’ he said. ‘But they have to partner with the local community’.

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DOC 2:

Vyse St Triangle - JQDT/BID Offer to Birmingham City Council - Dec/Jan 2018

Ms K James  
Assistant Director of Property (Interim)  
Birmingham Property Services (BPS)  
Woodcock Street  
Aston  
Birmingham  
December 31st 2018

Dear Kathryn

**Response to BPS Prospectus - JQDT Offer, Vyse Street Triangle**

The Jewellery Quarter Development Trust has completed the required offer papers (as referred to in the BPS Prospectus). In this covering letter we want to set out the full context of the JQDT’s proposal - which is for a joint venture with the Council/BPS, plus appropriate third parties as agreed by the principal partners.

**Site Value**

The Vyse Street site is complex. While the current rental income is known, there will be liabilities (not least related to the condition

of the historic fabric). How may appropriate value be realised for the historic buildings that occupy the triangle within Vyse St., Spencer St., and Hockley St? Given planning policy (which rules out residential development other than 'live/work' provision on a modest scale), the site's commercial value cannot be considered in isolation from other factors - notably community value.

On the planning context, BPS may want to correct an error in the Prospectus. At page 10 (*Planning and design advice*) concerning the Vyse Street site, it incorrectly states that '*Development should look to refurbish and convert the existing buildings and retain **some** or all of the commercial use*', (our emphasis). Neither current Planning Policy, or proposed policies within the forthcoming JQ Neighbourhood Plan, support development that reduces pre-existing industrial activity in this part of the Conservation Area. Would be bidders for the Vyse St Triangle need to be clearly told this.

### **Community Value**

We suggest the overall value of the site should be calculated by reference to 3 factors:

- environmental (heritage) value
- social value (i.e. contribution to wider JQ character, including towards the business and manufacturing character)
- commercial value

A simple commercial sale risks being self-defeating, as it may threaten the JQ 'industrial ecology' and given necessary planning restrictions, disappoint any new owner as to financial return.

The JQ has seen too many site disposals where unrealistic expectations of value have led to semi-abandoned buildings, or piecemeal development of an unremarkable type, when so much more could have been achieved. Conversely, taking an approach that values heritage, social and commercial factors equally, should allow the Council and the JQ community to work with the grain of the Quarter to support its historic character and appeal. This approach does not undermine the realisation of commercial value at Vice St Triangle, or elsewhere, but, on the contrary, is essential to maintaining the high-value investment appeal of the Quarter.

### **Our Proposal**

The Development Trust invites the City Council/BPS to join us in negotiations:

**a)** to place the Vyse Street Property within a Community Asset Transfer, *and/or* into an appropriate Joint Venture Special Purpose Vehicle in which BPS and JQDT are core partners (including profit sharing arrangements).

The Development Trust is willing to consider assuming

ownership of other City-owned sites with no commercial value (i.e. assuming responsibility for one or more BPS liability sites) as part of a suitable deal on Vyse Street

**b)** to bring to any partnership the Development Trust's ability to raise funds (particularly for heritage related investment) the Council cannot usually access.

**c)** to establish full understanding of the site's liabilities and income potential. The Development Trust will consider raising capital to invest in the site to create added value/commercial returns. This could include the involvement of a suitable private sector investment partner.

**d)** to safeguard, as far as possible, the small businesses currently leasing space within the Vice Street premises, while promoting enhanced commercial and/or community usage of the site subject to viability.

We propose inviting the Midlands Industrial Association (MIA) to advise on appropriate development of under-utilised space at the site. MIA is a

JQ based Industrial Provident Society with solid experience of developing and managing low cost, quality units for business-start-ups both in the JQ (Argent Centre, Frederick St.) and elsewhere in the West Midlands.

### **Summary**

We recognise that our offer for Vice Street is not a conventional one. We make no apologies for this. We believe the joint venture partnership we propose can mark a new, constructive departure for the development of under-utilised Council assets with heritage value within the Jewellery Quarter. It also offers the City Council an opportunity to demonstrate that it is willing to work in partnership with local business and community interests.

We look forward to your response.

**Philip M Davis**

Chairman JQDT  
Crane Executive Director  
JQDT BID

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