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**Report to**  
Cabinet and Council

**20 March 2007**

**Report of**  
Chief Executive, Director of City Development, Director of Community Services, Director of Finance and ICT and Director of Legal and Democratic Services

**Title**  
Wood End, Henley Green and Manor Farm – New Deal for Communities (WEHM-NDC)  
Regeneration Proposals – Henley Ward

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### **1 Purpose of the Report**

- 1.1 The report refers to the major regeneration proposals for the Wood End Henley Green and Manor Farm – New Deal for Communities (WEHM-NDC) area of the City and presents the outcome of negotiations between the Stakeholder Partners (Whitefriars Housing Group, the Coventry NDC and the Council) and the preferred developer (BKW). It presents a proposed scheme of development and regeneration, along with associated contractual, commercial, financial, property and community implications.

### **2 Recommendations**

- 2.1 Agree the phased development scheme described at section 5 of the report and displayed in plan form at the meeting.
- 2.2 Note the Master Development Agreement (MDA) between the Developer (BKW) and Whitefriars Housing Group (WHG) which will be the principal contract governing the development.
- 2.3 Authorize the Council to execute the Stakeholder Agreement between the Council, Whitefriars Housing Group and the Coventry New Deal for Communities (or its successor body: Moat House Community Trust).
- 2.4 Authorize the Council to execute the conditional Direct Agreement (DA) between the Council and BKW, relating to the contractual obligations for the sale of land and other matters connected with preparation to administer a Compulsory Purchase Order on behalf of BKW.
- 2.5 Approve the sale to BKW of the site of the former Deedmore School at open market value on terms detailed at paragraph 6.4 and 9.15 subject to Department for Education and Skills (DfES) consent.

- 2.6 Approve the disposal to BKW of land and buildings at nil consideration in support of the regeneration objectives of the scheme. This disposal is at less than best consideration and is under the General Disposal Consent (England) 2003.
- 2.7 Approve the disposal of nine hectares of the above land, which is currently held and managed as public open space and follow the statutory process for such disposal contained in the Local Government Act 1972.
- 2.8 Approve the use of land to the north of the WEHM-NDC area for floodwater balancing purposes, for the reasons detailed at paragraphs 9.11 to 9.14.
- 2.9 Authorize appropriate officers, after consultation with existing leaseholders, to issue to BKW a licence to undertake works, to the satisfaction of the Environment Agency, relating to water balancing and flood mitigation on land to the north of the WEHM-NDC area, as referred to at 2.8 above.
- 2.10 Authorize the reinvestment of Right To Buy receipts, secured under the terms of the Stock Transfer Agreement between the Council and Whitefriars Housing Group, from new RTB applications in the NDC area for those properties included in Phase 1, so far as this is required to achieve the target number of replacement social housing units within the NDC area, as described in paragraph 8.9.
- 2.11 Approve the proposed arrangements for sharing any future land value and/or overage generated by the scheme, both between BKW and the stakeholders and between the three stakeholders, as set out at paragraph 8.10 of the report.
- 2.12 Approve the proposed Displaced Owners Scheme and the financial consequences for the stakeholders, including the Council, as described at paragraphs 8.2 to 8.5.
- 2.13 Note the intention to submit a further report relating to the need to make a Compulsory Purchase Order, upon an outline planning permission being obtained by BKW.

**The Council is recommended to:**

- 2.14 Approve the above recommendations, as modified by the Cabinet, and authorize the documents required to give effect to resolutions arising from this report, on behalf of the Council.

### **3 Information/Background**

- 3.1 This major housing-led regeneration project has been in preparation for several years. Previous reports have been made to the Cabinet on various aspects of the project, the most significant being:
  - Cabinet – 14 April 2004, which endorsed the NDC led Masterplan process to date and agreed the principle of pooling land assets at nil cost.
  - Cabinet – 5 April 2005, which approved the issuing of an invitation to submit outline proposals (ISOP) to short listed developers.
  - Cabinet – 18 October 2005, which endorsed the selection of Bovis, Keepmoat and Westbury (BKW) consortium as the preferred developer, appointed two Council directors to the Project Board and made budgetary provision to move the proposals forward.

3.2 Key milestones in the development of the project to date:

**Table 1: Key milestone in the NDC scheme**

Date	Milestone
March 2001	Council became Accountable Body for NDC
July 2001	NDC awarded £54m GOWM funding
April 2003	Masterplanners selected
April 2004	Development framework published
April 2005	ISOP published and issued
July 2005	Developers submissions returned from three consortia
October 2005	Selection and appraisal concluded Cabinet approval of BKW as Preferred Developer
March 2007	Financial and Contractual Close

3.3 The proposed scheme will depend on key inputs and outputs as follows:

Scheme inputs

- Whitefriars - contributing 73% of the land within the Masterplan area.
- Council - contributing 27% of the land including the two shopping centres (Broad Park Road & Dr Philips Centre) operational premises (Neighbourhood Management Office, Children's Services Office, Adventure Centre and Deedmore School Site) and other open space and leisure land.
- NDC – use of GOWM allocation to fund Masterplanning and procurement costs. This aspect of grant support to NDC expires on 31 March 2007.
- BKW - investing circa £350m generated from the sale of approximately 2,400 new properties, which will be constructed on the land provided by Whitefriars and the Council.

Scheme Outputs

In return for the land provided free of charge by Whitefriars and the Council, BKW will provide the following:

- A redevelopment project over two phases, taking at least 15 years.
- Demolition of 1,907 properties.
- 1,000 new social housing units for rent provided free to Whitefriars.
- 20 additional new social housing units on the Deedmore School site provided at 50% discounted price to Whitefriars, or another RSL
- 2,378 new properties for private sale.
- 138 properties sold at a 50% discount to enable existing owner-occupiers to stay in the area.
- Green space enhancements and play provision, as detailed in a Section 106 Agreement, to be negotiated as part of the planning process.
- New commercial retail centres to replace those lost as part of the scheme, subject to overall scheme viability.
- New and upgraded street scene (road surfaces, footpaths etc).

In addition, the following will also be provided as part of the programme to regenerate the area:

- A capital receipt for the Council of at least £3.0m for the Deedmore School site (subject to DfES approval for building on a school site including playing field and statutory consultation) that will part fund a new Broad Spectrum Special Primary School in the area.

- A Leisure & Neighbourhood Centre, funded largely by the NDC.
  - 350 retained refurbished Whitefriars properties.
  - It is expected that the stakeholders and BKW will also receive overage, i.e. cash return from the increase in property values above those assumed at the commencement of the scheme. However the extent and timing of the overage will depend on the success of the scheme.
- 3.4 Since the most recent major report on this subject, in October 2005, the stakeholder partnership and its retained consultants have been working intensively on contractual and commercial negotiations, specific aspects of which are reported below under financial and legal implications.
- 3.5 The Project Board has been meeting monthly to oversee the project management, review the risk register and seek to resolve critical issues, both within the stakeholder partnership and between the stakeholders and BKW.

#### **4 Strategic Purpose**

- 4.1 The Council is a key stakeholder in this project, as it is a significant owner of land and property, both within the WEHM-NDC area and the extensive public open space, which surrounds the proposed development. Whilst the development will deliver its main regeneration impact through housing renewal, it will further many other aspects of the Council's strategic purpose, including: leisure provision, public open space enhancement, environmental improvement, as well as community cohesion and well-being.
- 4.2 The development proposals support the implementation of the Council's Housing Strategy, particularly its three core aims of:
- "Achieving housing growth to support wider regeneration and economic investment.
  - Rebalancing housing markets to stem decline and to establish new and more stable communities.
  - Improving pathways of choice for Coventry's people and to attract and retain newcomers."
- 4.3 In terms of central government and regional housing policy objectives contained in national planning guidance (importantly Planning Policy Statement 3) the Regional Spatial Strategy (Housing within the Major Urban Areas) and the Regional Housing Strategy (Urban Renaissance) the project presents opportunities to significantly contribute to:
- Widening the choice of housing types and tenures,
  - Introducing an improved mix and design of high quality homes across the housing market; and
  - Expanding the range of new purpose-designed housing for people who are vulnerable, or have disabilities in this part of Coventry.
- 4.4 The strategic need for physical, environmental and community regeneration in the WEHM-NDC area is evident to any person who visits this part of the City. The challenge is greater than public investment alone could meet. Private sector investment has the capacity to achieve the required transformational change into a viable and vibrant mixed community.
- 4.5 This massive private sector investment, coupled with substantial government funding via the NDC programme, will greatly enhance social and community infrastructure, including: enhanced green space, new play areas, much improved urban design character, as well as the major new Leisure and Neighbourhood Centre, details of which have been reported recently to Cabinet.

4.6 The proposed development is significant also in Planning terms, but the Planning Committee will deal with such matters at a later stage.

## 5 Proposal and Other Options to be Considered

### Option 1 - Preferred Proposal

- 5.1 Major redevelopment of the WEHM-NDC area is required for the following reasons:
- To fulfil the commitment made to the community during Masterplanning consultation.
  - To radically change the physical, environmental and socio-economic character of this disadvantaged area of the City.
  - To reverse the terminal decline of the area and create a sustainable mixed community.
- 5.2 It is proposed that the redevelopment be undertaken in two major phases over a period of about 15 years. It is anticipated that BKW will submit an outline Planning application in late 2007 and that clearance and redevelopment will commence approximately two years later.
- 5.3 Members have been provided with a leaflet outlining the phased development proposals and plans will be displayed at the meeting. In summary the numbers of residential properties involved in the scheme are set out in the table below.

**Table 2: Residential Property Statistics**

	<b>Phase 1</b>	<b>Phase 2</b>	<b>Total</b>
<b>Clearance</b>			
WF homes cleared	666	1058	1724
Private homes cleared	62	121	183
<b>Total to be cleared</b>	<b>728</b>	<b>1179</b>	<b>1907</b>
<b>New and refurbished</b>			
New homes for sale	1217	1161	2378
Retained private homes	-	-	357
New homes for displaced homeowners	46	92	138
New homes for rent (WF)	399	601	1000
New homes for rent (WF/RSL) – Deedmore School site	20	0	20
Refurbished homes (WF)	-	-	350
Other homes for rent (other RSLs)	-	-	358
<b>Estimated final number of homes</b>	<b>-</b>	<b>-</b>	<b>4601</b>

### Option 2 – Do Nothing

- 5.4 To undertake no regeneration whatsoever would be a grave disappointment to all stakeholders and, more importantly, to the community within the WEHM-NDC area. Expectations have been raised since the NDC was established in early 2001 and particularly during almost four years of Masterplanning and scheme preparation. Some of the consequences of taking no action would be:
- Terminal decline in the physical environment and social structure of an area, which already exhibits signs of severe deprivation.
  - Serious consequences for community safety and anti-social behaviour.
  - Pressure on the financial viability of Whitefriars Housing Group, as increases in void properties impact on maintenance costs and rental income.

- Substantial recent investment by the stakeholders, in particular the NDC, would be wasted, through lack of sustained economic and community regeneration.

### **Option 3 – Moderate Redevelopment**

- 5.5 It would be possible to undertake less radical redevelopment, by selective clearance of sites, which could be parcelled off to various developers. Potential disadvantages, however, of such an approach could be:
- Delay caused by the need to review and cost an alternative approach.
  - The renewal would be piecemeal rather than regenerative and transformational.
  - The opportunity for urban design coherence and the creation of a sense of place would be lost.
  - Such a scheme would not reflect community expectations that were distilled through Masterplanning consultation.
  - Partial renewal has been undertaken in this area in the past, with only limited and temporary success.
  - It would be less likely to achieve the dramatic change in public perception of the area required to attract new homebuyers and create a true mixed community.

## **6 Legal and Contractual Issues**

- 6.1 Whitefriars Housing Group Limited will implement this regeneration project, in conjunction with its selected building consortium developer BKW. The Council has been asked to support the project with land assembly using compulsory purchase powers and including Council land as identified in section 9 of this report.

### **Vires**

- 6.2 In order for the project to proceed, the Council must satisfy itself that it has the powers to support the project with the inclusion of land at nil cost. The Council's powers for this are the Local Government Act 1972, in particular the General Disposal Consent 2003. The disposal at nil value represents a disposal at less than best consideration, as the Council's property has an existing asset value of £494,517 and there is a limited amount of land that could potentially be developed in isolation in a "no scheme world". However, we are satisfied that the disposal can be justified under the General Disposal Consent 2003, which provides for such disposals to secure the promotion and improvement of the economic, social, or environmental well-being of the area. The overage provisions of the agreement with BKW will deal with any increase in development value subsequent to the disposal.
- 6.3 Underpinning the use of these powers are the following matters:
- The objective of regeneration in Wood End Henley Green and Manor Farm.
  - The provision of 1,000 new social housing units for Coventry. Those not used for 'decanting' existing residents will be let through the new Choice-based Lettings arrangements being introduced later this year.
  - There will be economic regeneration associated with the project.
  - There will be significant social and amenity benefits to the inhabitants of Wood End, Henley Green and Manor Farm.

- 6.4 The Council will receive best consideration under Section 123 of the Local Government Act 1972 for the disposal of the site of the former Deedmore School, which was not included with the tender disposal and has been the subject of separate negotiations between the Council and BKW.
- 6.5 The legal structure of the property transaction is complicated and the Council has appointed external legal advisors Mills and Reeve to support the Council in the documents to which the Council is a party.
- 6.6 Mills and Reeve has given the Council a report on the interlinking of the documents and a resume of risks.
- 6.7 The Council has considered its overall involvement in the project, in terms of its financial and land inputs as referred to in paragraph 9.16 (asset and development values) of this report, and is satisfied that, in so far as the Council's position is concerned, there is no state aid implication.

#### **Structure of documents**

- 6.8 **Master Development Agreement (MDA)** between Whitefriars and BKW is the overarching agreement, which sets out the conditions to be satisfied and the terms upon which the phased construction takes place followed by the land transfers – the conditions relate to planning and compulsory purchase to achieve vacant possession.
- 6.9 **Phased Development Agreement (PDA)** between Whitefriars and BKW is the agreement will be entered into for the particular phase once the conditions are satisfied.
- 6.10 **Stakeholders Agreement (SHA)** between the Council, Whitefriars and the NDC contains the obligations of the Council and Whitefriars for the transfer of land to BKW as and when the affordable housing units are constructed, the decanting of tenants by Whitefriars, approval of any changes to the agreed scheme and management of the project by Whitefriars. It also includes the overages provisions between the three parties detailed in paragraph 8.10.
- 6.11 **Direct Agreement (DA)** between the Council and BKW contains the obligations to comply with the MDA and SHA, the transfer of land and the sale of Deedmore Site, the Wyken Slough flood plain solution and the obligation to obtain Council approval to make a Compulsory Purchase Order for Phase 1.
- 6.12 **Compulsory Purchase Agreement Indemnity Deed (CPO deed)** between the Council and BKW is a conditional agreement to make a compulsory purchase order for Phase 1. The agreement obliges BKW to pay the administration costs up to a cap of £250,000 and all the acquisition costs for the properties involved, including any Blight arising from the CPO.
- 6.13 **Section 106 Agreement (s106agmt)** between the Council and BKW will be the subject of a report to Planning Committee following submission of an application for planning permission for the whole development from BKW. Initial discussions on planning have identified that there will be contributions required from BKW for the future maintenance of open space after it has been laid out to an agreed specification by BKW and possibly for off-site highways works.

- 6.14 All the documents are complex and the Council has endeavoured to ensure that, whilst entirely supportive of the project, its contribution is limited to the identified land and financial contributions identified in this report.

### **Village green**

- 6.15 As Members may be aware, a group of residents from the Henley Green area has made an application to have an area of land, which is incorporated in the Masterplan, registered as a Village Green.
- 6.16 The Council is the 'Registration Authority' for this purpose, placing it under a duty to determine the application. In that capacity it has appointed an independent barrister to act as an Inspector at a non-statutory Public Inquiry due to be held from 7 to 15 June 2007 inclusive.
- 6.17 The Council is also the landowner and, in that capacity, has engaged a specialist barrister to represent it at the Inquiry, to 'defend' the application, as, if the application were granted and the land registered as a Village Green, it would become 'sterile' land in terms of any future use and would also substantially affect the proposed regeneration scheme.
- 6.18 The developer is also separately represented and has engaged specialist Counsel to 'defend' the application.
- 6.19 Once the Inspector has heard all the representations at the Inquiry, it is anticipated he will take some time to reflect and produce a report, with his recommendations as to registering the land as a Village Green. That report will then form the basis of a report to the Planning Committee, in whose remit the decision finally rests.

## **7 NDC Masterplan Scheme Affordability**

- 7.1 A financial model that forms part of the MDA has been constructed to determine whether the scheme is affordable and will provide sufficient return to BKW to enable the project to proceed. The model includes amounts derived from the sale of the new properties, against which are set the costs of the project.
- 7.2 At this point in time the Phase 1 forecast financial model is viable on a total scheme value of £350m, after allowing for the reduction in Whitefriars' Phase 1 units as explained in paragraph 8.6.
- 7.3 At this stage, the financial model shows that Phase 2, which is forecast to commence in 8 to 10 years time, is not viable. It is difficult to determine the viability of Phase 2 given that its initiation is so far in the future, but it is anticipated that a successful Phase 1 will ultimately make Phase 2 viable as the scheme progresses. This will be dependent on the availability of land, which is currently subject to the Village Green application, and sales values increasing faster than building costs.
- 7.4 A financial model will be used to assess viability of the scheme at several key milestones during the scheme. Officers will constantly review the financial model as the scheme progresses for any changes in assumptions that may affect the continued viability of the scheme. Officers will report back to members at appropriate stages.



## **8 Financial and Related Issues for the Stakeholders**

- 8.1 The following issues with a direct, or indirect financial impact have been agreed between the stakeholders (subject to Cabinet/Council approval) in order to make the scheme deliverable. These issues relate to the allocation and acceptance of risk in relation to benefits and costs generated by the scheme.

### **Displaced Owners Scheme (DOS) equity share and rent loss**

- 8.2 BKW is providing 138 units at a 50% discount to owner occupiers whose homes are demolished as part of the scheme. The remaining 50% stake in the Displaced Owners Scheme (DOS) will be held by the stakeholders. When the owner occupier dies, or sells their house, their 50% cash stake will be paid to them and the remaining 50% cash stake will be paid to the stakeholders.
- 8.3 Whitefriars will lose rent during the decant and build period as its stock is removed and replaced at a later date. This rental income is required to meet operating costs and debt repayments on the loans that Whitefriars has drawn down to fund Decent Homes improvements. Failure to agree a mechanism to cover the rent loss would prevent Whitefriars participating in this scheme and, consequently, the physical regeneration of the WEHM area, including the housing renewal element of the scheme, would not take place.
- 8.4 Whitefriars, therefore, will receive the cash generated from the release of the stakeholders' 50% equity share held in the DOS for Phase 1, in order to fund Phase 1 rent loss. The actual timing and amount of this cash release will depend on when the owner occupier dies, or moves on.
- 8.5 Prior to commencement of Phase 2, if Whitefriars can demonstrate that it will lose rent in Phase 2 on the same basis as Phase 1, then it will be provided with the DOS equity stake cash from Phase 2.

### **Securing Phase 1 financial model viability at MDA**

- 8.6 Phase 1 viability has been secured at MDA by reducing the number of social housing units delivered to Whitefriars in Phase 1 and by accepting a different mix of property type and size. This enables more units in Phase 1 to be sold on the open market instead of being provided to Whitefriars free of charge (in return for its land).
- 8.7 The reduction in the number of social housing units delivered to Whitefriars in Phase 1 leaves Whitefriars with additional rent loss cost. This will be met by an increase of £600k in the contribution from the City Council's Strategic Housing Regeneration Fund to a new Whitefriars housing development in Alderman's Green that will provide property that can be used to rehouse tenants being displaced by the NDC demolition programme.
- 8.8 The MDA provides for both the number of social housing units and the mix to be altered if additional external funding can be secured. The Housing Corporation has indicated a willingness to be involved in the scheme and to provide additional finance. Appropriate bids will be made, therefore, as part of the Housing Corporation 'bidding-round' beginning in June.

### **Additional Right to Buy (RTB) properties**

- 8.9 New RTBs occurring in the NDC area from April 2006 will require additional CPO costs to be paid out through the scheme, because these will not have been provided for in the financial model. In order to maintain the viability of the financial model for Phase 1, these additional costs would be offset by a reduction in the number of social housing units delivered through the scheme, unless an alternative mechanism was found. A reduction in the number of social housing units delivered can be avoided if the Council grants back its share of the receipts for these additional Phase 1 RTBs (and only these units) that it would have been paid under the Stock Transfer Agreement. Whitefriars will use these funds to retain the number of social housing units delivered through the Phase 1 via a payment to BKW equal to additional CPO costs.

### **Overage and land value**

- 8.10 It is expected that the stakeholders and BKW will receive overage, i.e. cash return from the increase in property values above those assumed at the commencement of the scheme. The extent and timing of the overage, however, will depend on the success of the scheme after the commencement of Phase 1. It is also possible that the stakeholders will receive land value, i.e. a cash return arising due to improvements in the scheme economics between MDA and the first PDA.
- 8.11 The financial model and legal agreements provide for a specified level of return to BKW from the scheme. Once BKW has achieved its required level of return, the stakeholders will split overage above this level 50:50 with BKW.
- 8.12 Scheme returns paid to the stakeholders will be used initially to contribute towards improving the housing mix of the scheme and reinstating the social housing and SHRF contribution required to secure Phase 1 viability (described in paragraphs 8.6 to 8.8). At the end of Phase 1, if Phase 2 is in deficit, the stakeholders will have the option to roll forward overage to make Phase 2 viable. Any excess returns of up to the first £9m of overage/land value will be split equally between the Council, Whitefriars and NDC. Thereafter overage/land value will be split equally between the Council and Whitefriars.

### **Continuing Council Project Management Costs**

- 8.13 The Council has approved capped funding of £150k per annum as its contribution to costs incurred by Whitefriars in leading the management of the scheme on behalf of the stakeholders. This will be matched by a similar contribution from NDC (until 2011) and from Whitefriars. In addition, £50k has been approved through the PPR process to fund the Council's in-house project management costs.

## **9 Land and Property Issues**

- 9.1 The WEHM-NDC Masterplan covers an area of 174 hectares (430 acres). The Council owns approx 73 hectares (42%) of the land, most of which is open space and Green Belt around the Sowe Valley, but also includes Housing Association ground leased developments and some commercial properties. Whitefriars owns the majority of the remaining 101 hectares (58%) of housing and vacant housing land, although there are 540 owner-occupiers within the area.
- 9.2 Approx 68 hectares (36%) within the area will be transferred to BKW for housing redevelopment. In land ownership terms this is made up as follows:

## Land to be Redeveloped

	Hectares	
Whitefriars	40	59%
Council	15	22%
Highways	9	13%
Private (home-owners)	<u>4</u>	<u>6%</u>
Total	68	100%

## Ownership of Redeveloped Land on Completion of Scheme

Whitefriars	20 (land returned with 1000 new homes)	29.5%
Council	1 (play areas etc. approx.)	1.5%
Highways (assume)	9	13%
Private	<u>38</u>	<u>56%</u>
Total	68	100%

- 9.3 In addition to this, Whitefriars retains 24 hectares, mainly in Henley Green, where stock is to be retained and refurbished. Whitefriars total ownership on completion of the development will be around 25%, whilst private housing will occupy approximately 22% of land in the NDC area.
- 9.4 In keeping with Mixed Communities objectives, the scheme will effect a dramatic shift in housing tenure from the current ratio of social to private of 82:18 to a position on completion of the scheme of 54:46 by area (38:62 by numbers of dwellings).
- 9.5 The principle of disposal of the council's land at nil consideration in return for the regeneration of the WEHM-NDC area was approved by Cabinet on 14 April 2004.
- 9.6 To dispose of public open space, the Council must comply with the provisions of the Local Government act 1972, which require public advertisement of the intention to do so and invitation of objections. If no objection is received then the Council is free to dispose. If objections are received then the decision to dispose, or not, is made by GOWM, on behalf of the Secretary of State for Communities and Local Government (DCLOG) in the light of the objections made.
- 9.7 The Council land comprises:
- Nine hectares of open space, of which only a small proportion is Green Belt. Three hectares of the open space is currently the subject of an application for Village Green status by the local community, which if successful would prejudice future development. The remaining six hectares are formal public open space.
  - 2.2 hectares of Education land – the former Deedmore Road School and the Venny adventure Centre in Milverton Road.
  - Approx four hectares comprising commercial and operational property. This includes:

### **Phase 1**

- Wood End Community Centre and Family Support Centre, Hillmorton Road.
- NDC offices, Hillmorton Road.
- Caradoc Hall car park.

### **Phase 2**

- Hillmorton Road and Broad Park Road shopping parades, let to retail tenants, community uses, a Doctors Surgery and a public house.
- 2 – 12 Honiley Way occupied by Mediation and Parent Support Service and Social Services offices.
- Binswood Close flats; 16 properties let on 99 year leases.
- Five sites leased to Orbit Housing and one to Focus Housing.
- 2 Ellacombe Road; former Doctors Surgery, but now in residential use.

The Council also leases property 1 – 11 Honiley Way from Whitefriars, for Neighbourhood Management offices.

- 9.8 The Council owns the freehold of the commercial properties at Hillmorton Road and Broad Park Road and the majority of these are let on short-term tenancies, although there are some 99-year leases. As some of the leases end within the project timetable, there may be an opportunity to use landlord and tenant powers to obtain vacant possession of some of the commercial properties and this will reduce the overall site assembly costs. Collectively, they produce an annual rental income of £28,345 pa. By comparison to other shopping parades in this area of the City, this is an extremely low income and there is little prospect of increasing this level. It is intended to relocate the tenants where possible, although rents in new replacement shops will be approx 4x higher.
- 9.9 Over the whole scheme there are currently 183 privately owned houses on land required for redevelopment, of which 62 are in Phase 1 and 121 are in Phase 2. These properties also will have to be acquired.
- 9.10 Some of the above will be re-provided in the new development by:
- Relocating all of the NDC operational and community uses, on rents and terms to be agreed, to the Neighbourhood and Leisure Centre, to be largely at NDC's cost on the site at the corner of Deedmore Road and Winston Avenue.
  - Replacing, or refurbishing the Broad Park Road shops and public house at BKW's cost. This retail area is designated as a local shopping centre in the Coventry Development Plan and therefore needs to be retained, or re-provided.
  - Seeking to replace the Hillmorton Road shops at BKW's cost with a new facility in this locality, subject to market demand. Replacement of the Doctors Surgery currently within this shopping parade will be the subject of discussions with the PCT.
  - The Orbit and Focus housing associations will be responsible for any replacement housing stock, which they might require, and securing sites for that purpose.
  - Caradoc Hall car park, currently leased to Coventry University, will be disposed of to BKW as part of its proposed purchase of the University's Caradoc Hall student residence. The site will then form part of the Manor Farm redevelopment in the latter stage of Phase 1.
  - NDC has identified a site for replacement of the Venny youth facility and has reported separately on this matter to Cabinet.

## **Land Required for Flood Water Balancing**

- 9.11 Recent investigations commissioned by Arup, on behalf of BKW, into 1 in 100 year flood extent including climate change indicates an impact of up to four hectares reduction in land available for development. Further hydraulic modelling has been undertaken in order to identify water flow controls and off-site engineering works to the north of the WEHM-NDC area around Wyken Pool, which would mitigate this problem. A specialist consultant, JBA Consulting, has discussed these proposals with the Environment Agency, which agrees that the proposals would be beneficial to this scheme and to a wider area, by reducing 100-year flood levels along the whole of the River Sowe.
- 9.12 The Council owns the land concerned and its permission would be required for such works to be undertaken at BKW's expense. This could be achieved by means of a licence to enter the land to undertake the required works, backed by an indemnity agreement to ensure that no cost fell to the Council. This land is designated a Local Nature Reserve and currently is leased to Warwickshire Wildlife Trust, which will be consulted on the proposed works.
- 9.13 Jacobs has reviewed the report from JBA Consulting and, amongst other observations, points out that the increased volume of the water body, after flood mitigation works, would be subject to the Reservoir Act and, therefore, must be designed by a Reservoir Panel Engineer. Also compliance with this Act will demand expenditure on regular surveys and reports. Clearly the Council would require indemnity from BKW also for any inspection and maintenance costs arising from the use of its land for this purpose.
- 9.14 Further examination is required, but the Council is asked to agree to this approach in principle, subject to appropriate officers being satisfied as to the technical, contractual and financial aspects of this matter.

## **Former Deedmore School Site**

- 9.15 This prominent Council owned site on Henley Road was not included in the redevelopment area at the time of tendering. BKW subsequently identified it as essential to achieve a "gateway" development to establish confidence in the area's housing market. Whitefriars also now relies on this site to provide an initial supply of housing to facilitate its decant programme. Disposal to BKW, therefore, has been agreed at £3.0m, index-linked to the date of disposal and with overage provisions, representing full market value for the site. The Council will receive all of the capital receipt and 100% of the stakeholders' share of any overage from this site, unlike the overage share arrangements for the rest of the development.

## **Asset and Development Values**

- 9.16 Excluding the Deedmore site, the Council owned land to be developed is valued on the Asset Register at £494,517. In terms of development value, excluding the Deedmore and Village Green sites, the loss to the Council by disposing at nil value, assuming all of the land is developed for housing, is theoretically around £13m. However, as most of the Council land can only be developed comprehensively in conjunction with Whitefriars' land, and Whitefriars cannot fund the required replacement social housing (estimated cost £55m) to achieve this, the development value is lost. Development in the Green Belt, on open space and on education land would not be acceptable in the absence of a comprehensive regeneration scheme and the remaining vacant Council-owned land is unlikely to be of interest to developers in isolation. This disposal at nil value, therefore, is in accordance with the well-being provisions of the Local Government Act 2000.

## 10 Other Specific Implications

	Implications (See below)	No Implications
Best Value	✓	
Children and Young People	✓	
Comparable Benchmark Data		✓
Corporate Parenting		✓
Coventry Community Plan	✓	
Crime and Disorder	✓	
Equal Opportunities	✓	
Finance	✓	
Health and Safety		✓
Human Resources		✓
Human Rights Act		✓
Impact on Partner Organisations	✓	
Information and Communications Technology		✓
Legal Implications	✓	
Neighbourhood Management	✓	
Property Implications	✓	
Race Equality Scheme		✓
Risk Management	✓	
Sustainable Development	✓	
Trade Union Consultation		✓
Voluntary Sector – The Coventry Compact	✓	

### 10.1 Best Value

Prospective developers and consultant advisors were procured by a rigorous tendering procedure to ensure best value. The fundamental concept of the project is based on major regeneration being achieved mainly through substantial commercial sector investment, with relatively modest public expenditure.

### 10.2 Children and Young People

The Masterplan addresses improved facilities and services for children and young people including play, recreation, training and employment opportunities. The scheme creates an opportunity to dispose of a redundant school site and secure a substantial capital receipt, to be invested in a new Broad Spectrum Special Primary School within the area.

### 10.3 Coventry Community Plan

The Masterplan makes a significant contribution to the Coventry Community Plan 2005 – 2010 and in particular the aims of:

- “Improving the quality of life for people in the most disadvantaged neighbourhoods” and
- “To close the gap between the quality of life experienced in the city’s most and least disadvantaged deprived neighbourhoods”.

The Masterplan also contributes to other aspects of the Community Plan including: housing, employment, transport, environment, community safety and equalities.

#### **10.4 Crime and Disorder**

As well as activities and programmes promoted by the NDC aimed specifically at community safety and crime and disorder issues, Secured by Design principles will apply to the proposed development. Site security during the extensive period of redevelopment will provide increased levels of supervision of the area. This will be achieved by close partnership working by Community Safety Team, Police, Fire Service, Whitefriars and BKW. All partners will follow an agreed protocol to include early demolition where possible and information sharing and clear agreed time parameters for action on reported problems and areas. This could be coordinated through the Safer Neighbourhood Groups, or the Multi Agencies Task Team.

#### **10.5 Equal Opportunities**

This regeneration is intended to improve living conditions and quality of life of all residents of the WEHM-NDC area, which is amongst the most disadvantaged areas of the City. Extensive community engagement has been undertaken and will continue throughout the life of the project.

#### **10.6 Finance**

Detailed financial implications are provided at sections 7 and 8 of the report.

#### **10.7 Impact on Partner Organisations**

Partnership is inherent to this project. It is being overseen by a stakeholder partnership, made up of the Council, Whitefriars Housing Association and the NDC. Long-term success of the regeneration will depend on establishing and maintaining a positive partnership with the preferred developer.

#### **10.8 Legal Implications**

Detailed legal and contractual implications are provided at section 6 of the report.

#### **10.9 Neighbourhood Management**

This Masterplan addresses the needs of one of the most disadvantaged neighbourhoods in the City and should also have a positive impact on adjacent neighbourhoods. The “mixed communities” approach should help to bring an improved tenure balance into the area. The NE Neighbourhood Management Office will be relocated as part of the Masterplan and this will create opportunities for joint working and collaboration with other services.

#### **10.10 Property Implications**

Detailed land and property implications are provided at section 9 of the report.

#### **10.11 Risk Management**

A detailed Project Plan and a Risk Register have been developed jointly by the Stakeholders' Project Team. Both of these key documents have been and will continue to be updated frequently, with exception reports presented to the Project Board. The Cabinet Member Advisory Panel will continue to monitor project progress and consequent changes to the Risk Register.

## 10.12 Sustainable Development

All aspects of sustainable development are being addressed in this project including: sustainable transport, environmental protection and enhancement, local provision of community facilities and services, sustainable design principles and energy efficiency. The Planning process will require the developer to prepare a Traffic Impact Assessment (TIA) and an Environmental Impact assessment (EIA). The MDA sets demanding targets on such matters as EcoHomes, which addresses a range of environmental impacts, including: energy, transport, pollution, materials, land use and ecology, and health and well-being.

The DCLG has designated this scheme as a Mixed Communities Pilot Project, which raises its profile with Government. This has resulted in direct input from the Commission for Architecture and the Built Environment (CABE) with a CABE Enabler assisting with design and sustainability aspects of the Masterplan.

## 10.13 Voluntary Sector – The Coventry Compact

Community engagement and partnership working with the voluntary sector are integral to the functions and purpose of the NDC. Such principles and ways of working will continue to inform all activity relating to this project.

## 11 Monitoring

11.1 During the life thus far of the NDC its community development work and Masterplanning have been overseen by the NDC Partnership Board, the membership of which is drawn from the stakeholder partner organisations and the local community.

11.2 During the preparatory stages of developing a viable scheme in conjunction with BKW, the work of the stakeholders has been directed by the Project Board, which has two members from each of the three stakeholder partners. The Council has been represented to date by the Director of Community Services and the Director of Finance and ICT.

11.3 A Cabinet Member Advisory Panel has been established to oversee the Council's interests in the project between formal reports to Cabinet and Council and give political guidance to officers during the negotiation of commercial and contractual issues.

### Project Management

11.4 This long-term project will require management and monitoring throughout the period of implementation, which could last up to 20 years. BKW will make its own arrangements for management of the redevelopment process, though provisions within the MDA will govern certain aspects of these responsibilities. Similarly the stakeholders will have obligations to cooperate with BKW on aspects of estate management, including management of the decanting process, as well as overall project management of this large and complex undertaking.

11.5 The estimated costs of project management, both jointly by the stakeholder partnership and independently by the Council, are set out under paragraph 8.13.

## 12 Timescale

12.1 Detailed project plans have been maintained by the stakeholders and by BKW whilst the scheme has been developed and contractual and commercial negotiations have been underway. The table below contains best estimates of target dates for some of the key stages of the implementation programme.



**Table 3: Implementation Programme - Key Stages**

<b>Date Best Case</b>	<b>Date Worst Case</b>	<b>Key Stage</b>
March 2007	March 2007	Council and partners seek approval for proposed scheme
April 2007	May 2007	Council and partners execute contracts
Aug 2007	Sept 2007	BKW presents proposals to Council's Development Forum
Oct 2007	Nov 2007	BKW submits Outline Planning Application
Oct 2007	Nov 2007	Further report to Council for resolution to make a CPO
Feb 2008	April 2008	Resolution to grant outline permission
March 2008		End of GOWM 28 day referral period – no call-in
	Sept 2008	End of GOWM call-in procedure – call-in & PLI
April 2008	Oct 2008	Outline Planning Permission Granted
July 2008	Jan 2009	Approval of Reserved Matters for Phase 1A
Nov 2008	Aug 2009	CPO confirmed
March 2009	Dec 2009	CPO and land assembly concluded
June 2009	May 2010	BKW commences development at Phase 1A

- 12.2 With a scheme of this scale and complexity the Planning and CPO timetables are uncertain. The Stakeholder partners and BKW are determined to expedite all aspects of scheme implementation. Certain matters, however, are not within the control of any of the parties. Call-in of the planning application by GOWM and the consequent need to hold a Public Local Inquiry (PLI) can delay matters by up six months. Similarly the speed of the CPO process will depend on BKW's success in negotiating purchase of properties by agreement (PBA) and the extent of any resistance by property owners to the CPO. For these reasons the best and worst case prediction for development commencing on site varies by almost 12 months.
- 12.3 In the period between the signing of the legal documents and the completion of a Compulsory Purchase Order, BKW will begin the PBA process for privately owned properties required early in Phase 1. Also there will be an element of advanced demolition to clear sites ready for an early start when all the approvals are in place.
- 12.4 Provision of the Leisure and Neighbourhood Centre, which is a significant element of the regeneration proposals for the area, will commence on site towards the end of 2007 and is expected to be completed early in 2009.

	<b>Yes</b>	<b>No</b>
<b>Key Decision</b>	√	
<b>Scrutiny Consideration (if yes, which Scrutiny meeting and date)</b>		√ <b>Consideration by full Council on 20 March 2007</b>
<b>Council Consideration (if yes, date of Council meeting)</b>	√ <b>20 March 2007</b>	

## List of background papers

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### Papers open to Public Inspection

<b>Description of paper</b>	<b>Location</b>
1. Exhibition Boards	Cabinet meeting and various public locations previously.
2. Coventry NDC Masterplan Area Update (June 2006)	Distributed throughout the WEHM-NDC area and beyond.
3. Masterplan Development Framework Document HTA et al (April 2004)	Project Champions' Office
4. WEHM – ISOP (April 2005)	Project Champions' Office
5. BKW Tender Submission (July 2005)	Project Champions' Office
6. Homeowners Newsletter Issue 2 (April 2006)	Project Champions' Office

