



### **Cabinet Member for Jobs and Regeneration**

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**Time and Date**

2.00 pm on Wednesday, 10th January, 2018

**Place**

Diamond Room 2 - Council House

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**Public Business****1. Apologies****2. Declaration of Interests****3. Minutes** (Pages 3 - 8)

(a) To agree the Minutes of the previous meeting held on 14 December, 2017

(b) Any matters arising

**4. Exclusion of the Press and Public**

To consider whether to exclude the press and public for the item of private business for the reasons shown in the report.

**5. City Centre South - Early Acquisition of 14-16 Market Way** (Pages 9 - 18)

Report of the Deputy Chief Executive (Place)

**6. Outstanding Issues**

There are no outstanding issues

**7. Any other items of public business which the Cabinet Member decides to take as matters of urgency because of the special circumstances involved.****Private Business****8. City Centre South - Early Acquisition of 14-16 Market Way** (Pages 19 - 28)

Report of the Deputy Chief Executive (Place)

Listing Officer D Cockcroft Tel: 02476 833964

9. **Any other items of private business which the Cabinet Member decides to take as matters of urgency because of the special circumstances involved.**

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Martin Yardley, Deputy Chief Executive (Place), Council House Coventry

Tuesday, 2 January 2018

Note: The person to contact about the agenda and documents for this meeting is Suzanne Bennett e mail [suzanne.bennett@coventry.gov.uk](mailto:suzanne.bennett@coventry.gov.uk)

Membership: Councillor J O'Boyle, Cabinet Member, Councillor D Welsh, Deputy Cabinet Member, Councillor G Crookes, Shadow Cabinet Member

Please note: a hearing loop is available in the committee rooms

If you require a British Sign Language interpreter for this meeting OR if you would like this information in another format or language please contact us.

**Suzanne Bennett**  
**e mail [suzanne.bennett@coventry.gov.uk](mailto:suzanne.bennett@coventry.gov.uk)**  
**02476 833072**

## Coventry City Council

### Minutes of the Meeting of Cabinet Member for Jobs and Regeneration held at 1.30 pm on Thursday, 14 December 2017

Present:

Members:

Councillor J O'Boyle (Cabinet Member for Jobs and Regeneration)

Councillor D Welsh, (Deputy Cabinet Member for Jobs and Regeneration)

Councillor G Crookes (Shadow Cabinet Member for Jobs and Regeneration)

Councillor R Brown (Chair of the Scrutiny Co-ordination Committee – for items detailed in Minutes 23 and 24 below)

Employees (by Directorate):

Place: S. Bennett, D Nuttall, J Sprayson, A Walster

Apologies There were no apologies

#### **Public Business**

##### **17. Declaration of Interests**

There were no declarations of interest.

##### **18. Minutes**

The Minutes of the meeting held on 4 October, 2017 were agreed and signed as a true record.

There were no matters arising.

##### **19. Project CAP - Update Report**

The Cabinet Member considered a report of the Deputy Chief Executive (Place) which provided an update following the Council's decision on 10 October, 2017 to approve a commercial investment to acquire 100% of the shares in Coombe Abbey Park Limited (CAPL), the operating company of Combe Abbey Hotel.

CAPL operates as a going concern and has successfully grown the business over the last few years. Following approval of the purchase by Council, officers and the current owner, Mr Gordon Bear, have continued negotiations on a fair price for the Council acquiring 100% of the shares in the business.

The report indicated that Local Authorities are increasingly looking for strategies to drive commercial income through the acquisition of property and other investments. The Council already has a commercial interest in Coombe Abbey Hotel, through the freehold ownership of the land and buildings, which are let on a long lease to CAPL. This generates a significant annual rental to the Council.

Coombe Abbey Country Park and Hotel are important cultural, leisure and tourist assets for the City. The Council's existing interests in CAPL results from work over the last 20 years to bring the building back into use and operate it as a unique hotel.

The hotel has continues to increase turnover and profit year on year, with a 64% increase in profits in 2016 compared to the previous year. The increase in revenues is partly due to increasing capacity for larger functions with the marquee on site, the introduction of afternoon teas and charging for car parking.

The report indicated that since the Council meeting on 10 October, 2017, officers have:-

- Continued to work with the existing hotel management team to recruit an Operational Director to run the hotel on behalf of the City Council. This professional search has produced a number of suitable candidates that are in the process of being interviewed.
- Continued to negotiate on the fair price for the purchase of CAPL. To date this has resulted in a further reduction to the price indicated in the private report considered by Council on 10 October, 2017.
- Worked to complete the suite of documents required for the purchase and transfer of CAPL from Gordon Bear to the City Council.

The Cabinet Member provided a full explanation as to why, for commercial reasons and in order to achieve the best possible deal for taxpayers, it had been necessary to consider this matter in private in October. Councillor O'Boyle also indicated that, as soon as the deal had been signed and completed, further information in relation to the deal would be made available to the public to ensure transparency.

In line with the delegation approved by Council in October, Councillor K Caan, Cabinet Member for Public Health and Sport, had been invited to attend the meeting.

**RESOLVED that the Cabinet Member for Jobs and Regeneration:-**

- a) Notes the progress made to date in negotiating a final purchase price for Coombe Abbey Hotel Ltd**
- b) Notes that the purchase price is lower than the level delegated to officers in the report approved by Council on 10 October, 2017.**
- c) Notes that interviews for an Operational Director for Coombe Abbey Hotel have now taken place and that a successful candidate is likely to be in post by March 2018.**

## 20. Outstanding Issues

There were no outstanding issues.

21. **Any Other Items of Urgent Public Business**

There were no further items of urgent public business.

22. **Exclusion of Press and Public**

**RESOLVED** that approval be given to exclude the press and public under Section 100(A) 4 of the Local Government Act 1972 for consideration of the private matter referred to in Minute 24 below relating to “Coventry City Centre Business Improvement District (BID) – BID Proposal” on the grounds that that item involves the likely disclosure of exempt information, as defined in Paragraph 3 of Schedule 12A of that Act as it contains information relating to the financial and business affairs of an organisation and the amount of expenditure proposed to be incurred.

23. **Coventry City Centre Business Improvement District (BID) Business Planning 2018-2023**

Further to Minute 12/17, the Cabinet Member considered a report of the Deputy Chief Executive (Place) which indicated that in 2008, the Coventry City Centre Business Improvement District (BID) was established, covering the City Centre area. A BID is a principally business-led and business-funded body, formed with a purpose to improve a defined commercial area. The aim of the Coventry BID is to enhance, promote, develop and boost the city centre to make it a great place to work and visit.

In a formal ballot of eligible businesses in February 2013, 83% of votes cast were in favour of the Coventry BID being renewed for a second five-year period, from 1 April 2013 to 31 March 2018. As the BID comes to the end of the term of this agreement in March 2018, a new ballot will be required whereby for a new BID period the BID members will need to endorse new BID proposals, including the structure, business plan and proposed budget for the period 2018 – 2023.

The BID is currently hosted by Coventry City Council, following the transfer of city centre management services from CVOne in 2011. In the new Coventry BID Business Plan for 2018-2023, it is proposed to establish the BID as a new, separate, independent body, thereby aligning Coventry’s arrangements with the structure of the vast majority of BIDs in the country.

The Council is currently, and would under the proposed new arrangements remain, a BID levy payer. The Council currently also makes an additional voluntary financial contribution to the operations of the BID, but these arrangements are due to expire in March 2018.

The Coventry BID Business Plan 2018-2023, a copy of which was appended to the report, aims to focus BID activity towards priority areas of Security and Environment; Enhancing and Promoting; Business Voice and Support. If BID proposals for a new BID period were not approved at the proposed ballot, a number of the services planned in support of these objectives would not be considered deliverable.

A corresponding private report detailing confidential financial matters was also submitted for consideration (Minute 24 below refers)

Pursuant to Part 3e, Paragraph 19, of the City Council's Constitution, the Chair of the Scrutiny Co-ordination Committee, Councillor R Brown, attended the meeting for consideration of this matter and agreed the need for urgency such that call-in arrangements will not apply to this issue. The reason for urgency being that, in order to meet the timescale detailed in the report, the Notice of Ballot in relation to the BID proposal needs to be issued on 18 December, 2017.

**RESOLVED that the Cabinet Member for Jobs and Regeneration:-**

- a) Approves the Coventry Business Improvement District (BID) proposals and timetable to ballot for a new Business Improvement District (BID) and a new agreement for the period 2018-2023**
- b) Approves that the Council act as the Ballot Holder in accordance with the Business Improvement District Regulations (England) 2004 and all relevant legislation.**
- c) Approves that the Council recover the cost of the BID ballot from the proposers if the ballot is unsuccessful**
- d) Approves that, if voted for by the BID levy payers within the ballot, the Council acts as the billing authority responsible for collecting the BID Levy and administering the BID Revenue Account, which shall be used towards the operation of the BID within the area of the Council.**
- e) Approves that the Council will charge the BID for the Collection and Administrative Charges for business rates staff in collecting and administering the levy in the sum of £20,000 annually (index linked).**
- f) Approves that the Deputy Chief Executive (Place) be delegated authority, following consultation with the Cabinet Member for Jobs and Regeneration, to determine how the £75k identified in paragraph 1.5 of the report should be allocated in line with City Council priorities.**

#### **24. Coventry City Centre Business Improvement District (BID) Business Planning 2018-2023**

Further to Minute 23 above, the Cabinet Member considered a report of the Deputy Chief Executive (Place) which detailed confidential financial matters in relation to the Coventry Business Improvement District (BID) proposals.

Pursuant to Part 3e, Paragraph 19, of the City Council's Constitution, the Chair of the Scrutiny Co-ordination Committee, Councillor R Brown, attended the meeting for consideration of this matter and agreed the need for urgency such that call-in arrangements will not apply to this issue. The reason for urgency being that, in

order to meet the timescale detailed in the report, the Notice of Ballot in relation to the BID proposal needs to be issued on 18 December, 2017.

**RESOLVED that the Cabinet Member for Jobs and Regeneration:-**

- a) Approves the Coventry Business Improvement District (BID) proposals and timetable to ballot for a new Business Improvement District (BID) and a new agreement for the period 2018-2023**
- b) Approves that the Council act as the Ballot Holder in accordance with the Business Improvement District Regulations (England) 2004 and all relevant legislation.**
- c) Approves that the Council recover the cost of the BID ballot from the proposers if the ballot is unsuccessful**
- d) Approves that, if voted for by the BID levy payers within the ballot, the Council acts as the billing authority responsible for collecting the BID Levy and administering the BID Revenue Account, which shall be used towards the operation of the BID within the area of the Council.**
- e) Approves that the Council will charge the BID for the Collection and Administrative Charges for business rates staff in collecting and administering the levy in the sum of £20,000 annually (index linked).**
- f) Approves that the Deputy Chief Executive (Place) be delegated authority, following consultation with the Cabinet Member for Jobs and Regeneration, to determine how the £75k identified in paragraph 1.5 should be allocated in line with City Council priorities.**

(Meeting closed at 2.20pm)

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## Public report Cabinet Member Report

A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it contains information relating to the financial and business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.

Cabinet Member for Jobs and Regeneration

10 January 2018

**Name of Cabinet Member:**

Cabinet Member for Jobs and Regeneration – Councillor O’Boyle

**Director Approving Submission of the report:**

Deputy Chief Executive (Place)

**Ward(s) affected:**

St Michaels

**Title:**

City Centre South – Early Acquisition of 14-16 Market Way

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**Is this a key decision?**

No

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**Executive Summary:**

The purpose of this report is to seek retrospective endorsement for the Council’s early acquisition of a long leasehold interest in the City Centre South (CCS) red line boundary area

The long leasehold property interest in the CCS red line boundary area comprises of 14-16 Market Way, which extends to 7,309 sq ft banking and retail space.

The opportunity to acquire this long leasehold property interest arose when the property was put on the market for sale at auction.

Authority to bid at auction and if successful, to complete the purchase of the property up to the value contained in the private section of this report, was granted by the Chief Executive, in consultation with the Leader, using the Chief Executive’s emergency powers as outlined in Paragraph 3.8 of Part 2M of the Constitution.

The property was purchased on 17 October 2017 at a value as set out in the private section of this report.

**Recommendations:**

Cabinet Member Jobs and Regeneration is requested to:

1. Endorse the terms of the acquisition of the long leasehold property interest at 14-16 Market Way, subject to the current tenancy, for the value detailed in the private report, plus acquisition fees and Stamp Duty Land Tax.
2. Note that the acquisition was completed on 28 November 2017.

**List of Appendices included:**

Appendix 1 – Plan detailing the CCS red line boundary area.

Appendix 2 – Plan detailing the long leasehold property interest in the CCS red line boundary area.

**Background papers:**

None

**Other useful documents**

Report to Cabinet and Council 24 January 2017 – City Centre South Development.  
<http://democraticservices.coventry.gov.uk/ieListDocuments.aspx?CId=130&MId=11141&Ver=4>

**Has it been or will it be considered by Scrutiny?**

No

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No.

**1. Context (or background)**

- 1.1 The Council has secured a £98.8m grant from the West Midlands Combined Authority (“WMCA”) towards the cost of the CCS scheme.
- 1.2 The Council already owns the majority of the land and property interests in the CCS red line boundary area, however there are a number of property interests that are held by third parties. One of these property interests is 14-16 Market Way, which is held on a long leasehold. The property interest comprises of 7,309 sq ft banking and retail space. A plan showing the location of the property in the CCS red line boundary area is attached at Appendix 2.
- 1.3 The opportunity to acquire this long leasehold property interest arose when the property was put on the market for sale at auction to be held on 17 October 2017.
- 1.4 Authority to bid at auction and if successful, to complete the purchase of the property was granted by the Chief Executive, in consultation with the Leader, using the Chief Executive’s emergency powers as outlined in Paragraph 3.8 of Part 2M of the Constitution.
- 1.5 The property was purchased on 17 October 2017 and completion of the property was achieved on 28 November 2017. The total cost paid is contained in the private section of this report
- 1.6 The decision to purchase the long leasehold property interest of 14-16 Market Way is being brought to the Cabinet Member for Jobs and Regeneration for retrospective formal endorsement.

**2. Options considered and recommended proposal**

**2.1 Option 1 – Wait and Purchase Later**

- 2.1.1 This option involved making a decision not to bid at the auction in the hope that the property would fail to sell and there would be an opportunity to purchase the property at a cheaper price afterwards.
- 2.1.2 This option was based on a number of assumptions as follows:-
  - a) The property would fail to sell at auction. The likelihood that this would happen depends on the level of purchaser interest in the market, which was an unknown for the Council at the point at which it needed to make a decision about whether to bid or not. The risk with this assumption was that another third party would make a successful bid at the auction and complete the purchase of the property.
  - b) The owner would be prepared to sell the property after the auction. If the property failed to sell at auction, it was possible that the owner would review their position and decide to hold onto the property until the market improved. In this case, it was likely that the property would not be available for purchase again for some time.
  - c) The owner would be prepared to accept a lower price after the auction. This assumption was based on the owner, having made the decision to sell, being determined to offload their asset, thus giving the Council a stronger negotiating position to agree a lower price.

2.1.3 This option was based on too many unknown assumptions to guarantee that if the Council decided to wait that it would be able to purchase at a cheaper price after the auction.

2.1.4 Following due consideration, the option of “Wait and Purchase Later” was discounted for the reasons stated in 2.1.3.

## 2.2 Option 2 - Wait and CPO

2.2.1 This option involved making a decision not to bid at auction and waiting to pursue a CPO at the appropriate time in the project programme as currently scheduled.

2.2.2 This option was representative of the status quo and meant the budget, programme and risk profile of the CCS project would continue on its current course with the project progressing as intended. However, it also meant that the opportunity to make an early start and shorten the timescale for land would be lost to the project.

2.2.3 Following due consideration, the option of “Wait and CPO” was discounted for the reasons stated in 2.2.4.

## 2.3 Option 3 Buy Now (Recommended)

2.3.1 This option involved making a decision to bid at auction for 14-16 Market Way and if successful, completing the purchase.

2.3.2 The purchase would be reimbursed from the WMCA £98.8m grant allocation via the existing grant claim process.

2.3.3 There were a number of benefits of making an early purchase of 14-16 Market Way, which were as follows:-

- a) Purchasing 14-16 Market Way would kick off the land assembly process for CCS by bringing the first third party interest in the red line boundary area under the Council’s control. This would reduce the number of interests potentially requiring a CPO.
- b) Purchasing 14-16 Market Way would mean that an intermediary interest would be removed and the Council would become landlord to the remaining occupational tenants.
- c) Starting to bring third party interests in the CCS red line boundary area under the Council’s control would begin to reduce the risk associated with scheme delivery.
- d) Reducing the risk associated with scheme delivery was also likely to improve the project programme as the timescale for completing land assembly is likely to be reduced.
- e) This decision would help to provide confidence in scheme deliverability for SPG (the developer), the WMCA and a development funder to invest in the scheme.

2.3.4 Following due consideration, the option of “Buy Now” was recommended for the reasons stated above.

## 3. **Results of consultation undertaken**

- 3.1 No consultation has been undertaken on this decision to date because it is not appropriate to consult on commercial deals due to reasons of confidentiality.

#### **4. Timetable for implementing this decision**

- 4.1 A successful bid at auction means that the Council is legally bound to complete the purchase. Completion of the purchase took place on 28 November 2017.

#### **5. Comments from Director of Finance and Corporate Services**

##### **5.1 Financial implications**

The Capital cost of the recommended option is as set out in the private section of this report and will be funded from the £98.8m funding awarded by the WMCA in January 2017.

##### **5.2 Legal implications**

The Council has power under section 1 of the Localism Act 2011 to do anything that individuals generally may do provided it is not prohibited by legislation and subject to public law principles. The recommendations detailed in this report are in accordance with the Council's powers.

When considering an acquisition of property, the Council must act in accordance with the Council's constitution including ensuring that the terms negotiated and the price paid for the acquisition represents value for money.

#### **6. Other implications**

##### **6.1 How will this contribute to the Council Plan ([www.coventry.gov.uk/councilplan/](http://www.coventry.gov.uk/councilplan/))?**

- 6.1.1 The recommendations in this report will result in a step forward towards making the CCS scheme deliverable. The scheme itself is critical to Coventry's aspirations of creating a vibrant city centre environment for the benefit of its residents, with development of the city centre being an integral part of meeting these aspirations. The improved city centre environment is expected to increase footfall to the city centre and significantly broaden the catchment shopper population. This would elevate Coventry's position to become the second largest retail destination in the West Midlands.
- 6.1.2 The scheme presents a significant opportunity to act as an interface between the existing city centre projects and also to act as a catalyst for other private sector investment. This is therefore an exciting time for Coventry and is an opportunity for the city to develop an offering of significant scale to differentiate itself through a unique shopping and leisure offering.
- 6.1.3 The scheme will also contribute to achievement of the Coventry Plan by delivering c1500 new permanent jobs and over 2,000 jobs during the construction period, and providing a positive impact on the local economy. It is estimated that the economic impact of increased daytime footfall will be £16.6m per annum and £3.8m from additional evening footfall.
- 6.1.4 The development of 130 PRS apartments, 150 private for sale residential apartments and 585 student beds, will increase city centre living in Coventry.

##### **6.2 How is risk being managed?**

The key risks associated with this proposal are set out in the private section of this report.

### **6.3 What is the impact on the organisation?**

The recommendations in this report have an impact on the Council's assets. In the short term, an additional asset has been acquired and in the medium term, this asset will need to be managed and maintained. In the long term, the asset will form part of the CCS development.

### **6.4 Equalities / EIA**

There is no Public Sector Equality Duty implications of this decision, so there is no need to undertake an Equality Impact Assessment at this stage in the project process.

### **6.5 Implications for (or impact on) the environment**

There are no implications for the environment as this decision will result only in a change in ownership of the specified long leasehold property interest and there will be no impact on the existing day to day operations undertaken in, of or by the interests purchased.

### **6.6 Implications for partner organisations?**

The purchase of these interests has an impact on two of the Council's partners as follows:-

- a) WMCA – this purchase will help to expend financial resources and demonstrate that the CCS project is progressing, which will increase confidence that the scheme will be delivered.
- b) SPG – this purchase will help to reduce the risk and increase confidence in the Council to deliver its land assembly obligation, which will help to increase the overall scheme deliverability. Specifically, it will help the developer to demonstrate commitment to the scheme and market it to potential anchor stores and development funders.

**Report author(s):****Name and job title:** David Cockroft, Director of City Centre and Major Projects Development**Directorate:** Place**Tel and email contact:** 02476 833964 david.cockroft@coventry.gov.uk

Enquiries should be directed to the above person.

<b>Contributor/approver name</b>	<b>Title</b>	<b>Directorate or organisation</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Suzanne Bennett	Governance Services Officer	Place	15 December 2017	18 December 2017
Lisa West	Project Manager	Place	1 December 2017	1 December 2017
Aimee Proctor	Programme Manager - Finance	Place	1 December 2017	5 December 2017
Oluremi Aremu	Major Projects Lead Lawyer	Place	1 December 2017	5 December 2017
<b>Names of approvers for submission: (officers and members)</b>				
Finance: Phil Helm	Finance Manager	Place	1 December 2017	6 December 2017
Legal: Julie Newman	Legal Services Manager	Place	1 December 2017	5 December 2017
Director: Martin Yardley	Deputy Chief Executive - Place	Place	6 December 2017	7 December 2017
<b>Members:</b>				
Name: Cllr O'Boyle	Cabinet Member for Jobs & Regeneration	N/A	15 December 2017	18 December 2017

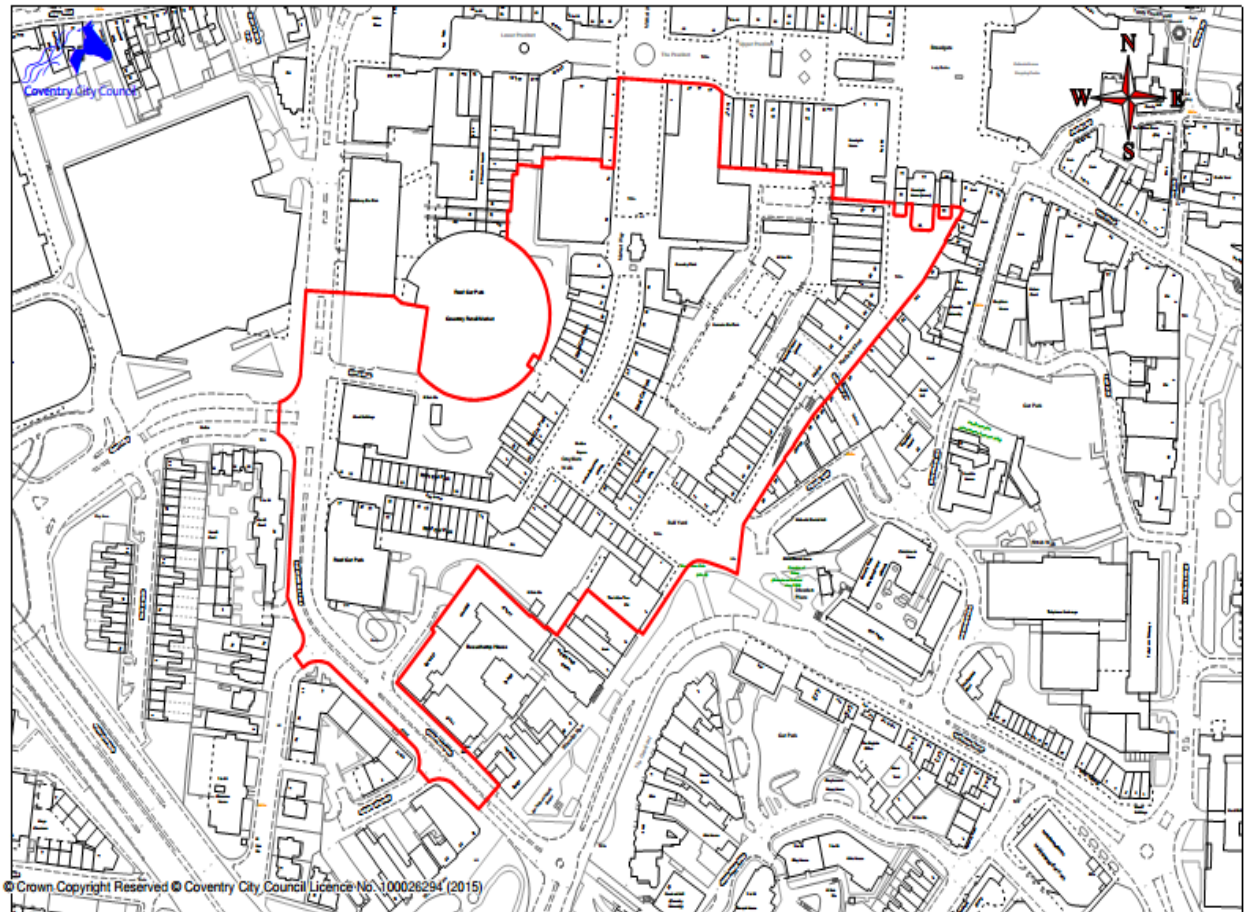
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[www.coventry.gov.uk/councilmeetings](http://www.coventry.gov.uk/councilmeetings)

**Appendices:-**

**Appendix 1 – Plan detailing the City Centre South red line boundary area.**

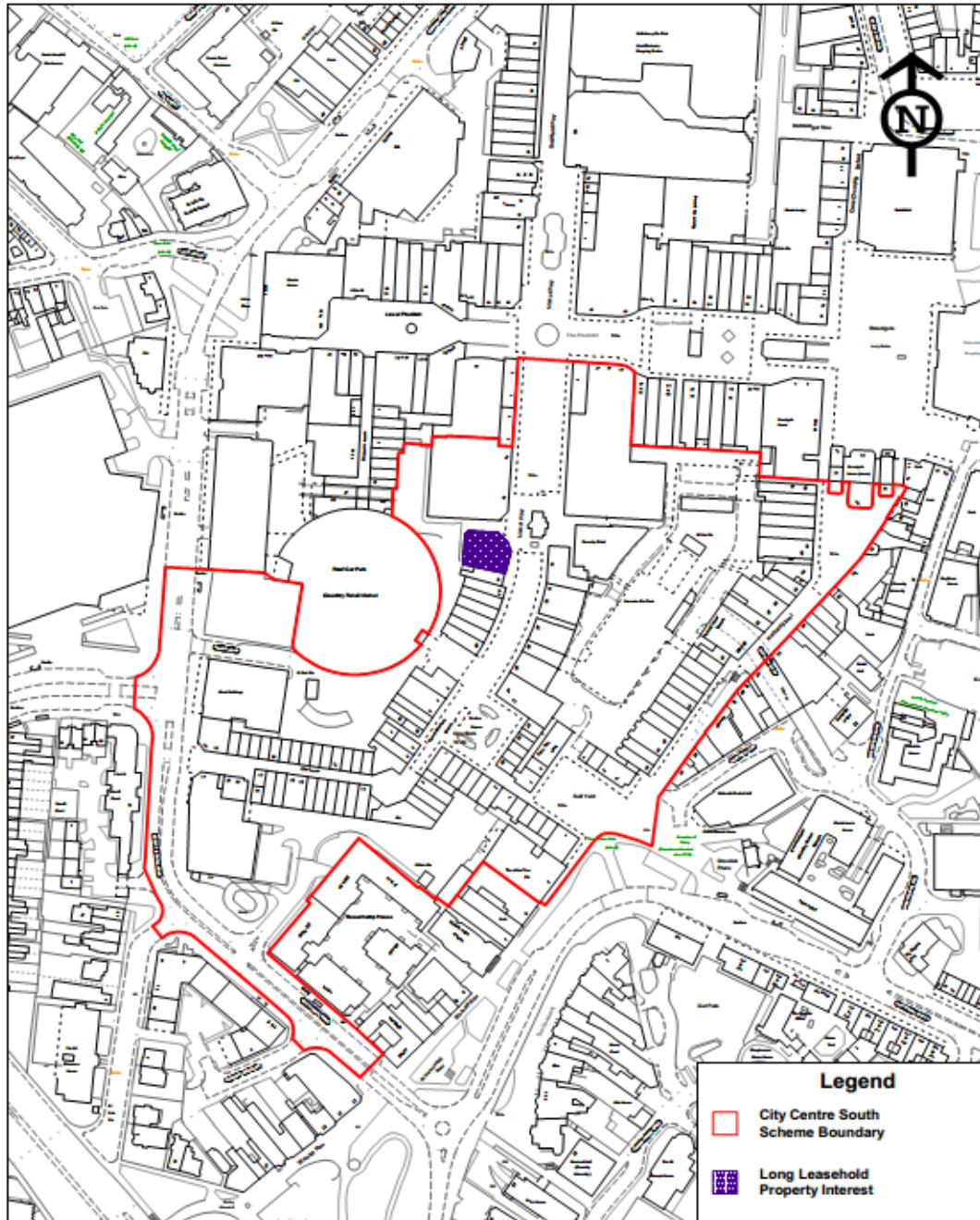
**City Centre South, Coventry.**

Scale at A4 1 : 1250





**Appendix 2 – Plan detailing the long leasehold property interest in the City Centre South red line boundary area.**



PLACE DIRECTORATE  
 STRATEGY & PERFORMANCE TEAM  
 FLOOR 9, CIVIC CENTRE 4  
 MUCH PARK STREET  
 COVENTRY CV1 2PY  
 024 7683 2755



Coventry City Council

**Title: CCS Long Leasehold Property Interest (2)**

Drawn By: NH  
 Scale: 1:2500 at A4  
 Date: 09/11/2017

Martin Yardley - Executive Director, Place  
 Richard Moon - Assistant Director, Project Management & Property Services

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