

Coventry City Council
Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 27 August 2019

Present:

Members: Councillor G Duggins (Chair)
Councillor A Khan (Deputy Chair)
Councillor P Hetherton
Councillor K Maton
Councillor J Mutton
Councillor M Mutton
Councillor J O'Boyle
Councillor P Seaman

Deputy Cabinet Members Councillor P Akhtar
Councillor G Lloyd
Councillor D Welsh

Non-Voting Opposition Councillor G Ridley
Members:

Other Members: Councillor R Lakha

Employees (by Directorate):

People G Quinton (Deputy Chief Executive (People)),
D O'Shaughnessy

Place C Booth, S Elliott, L Gaulton, R Haigh, B Hastie,
A Hunt, P Jennings, R Moon, J Newman, M Salmon, L
Shannon, A Walster, S Weir

Apologies: Councillor R Ali
Councillor A Andrews
Councillor K Caan
Councillor B Gittins
Councillor T Khan

Public Business

14. Declarations of Interest

The Cabinet noted that Councillor P Akhtar had a disclosable pecuniary interest in the matter referred to in minute 21 below headed 'Hackney Carriage and Private Hire Vehicle Emissions'. Although he was a Non-voting Member of Cabinet, he left the room for consideration of this matter.

15. Minutes

The minutes of the meeting on 9th July 2019 were agreed and signed as a true record. There were no matters arising.

16. **Exclusion of Press and Public**

RESOLVED that the Cabinet agrees to exclude the press and public under Sections 100(A)(4) of the Local Government Act 1972 relating to the following private reports on the grounds that the reports involve the likely disclosure of information defined in Paragraphs of Schedule 12A of the Act as indicated, as they contain information relating to the financial affairs of a particular person (including the authority holding that information) and in all circumstances of the cases, the public interest in maintaining the exemption outweighs the public interest in disclosing the information:

Paragraph(s) of Section 12A of the Act	Minute No.	Report title
3 & 5	27	Coventry Street Lighting PFI Debt Re-Financing
3	28	Proposed Development of a Regional Materials Recycling Facility with Partnering Authorities
3	29	Grant of Lease on Land in Friargate Business District

17. **2019/2020 First Quarter Financial Monitoring Report (to June 2019)**

The Cabinet considered a report of the Deputy Chief Executive (Place), that would also be considered at the meeting of the Audit and Procurement Committee on 2nd September 2019, that advised of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of June 2019. The headline revenue forecast for 2019/2020 was for net expenditure to be £0.6m below budget. At the same point in 2018/2019 there was a projected overspend of £2.0m. The headline capital position reported £6.9m of expenditure rescheduled into 2020/2021. Appendices to the report provided: Revenue Position: Detailed Directorate breakdown of forecast outturn position; Capital Programme: Analysis of Budget/Technical Changes; Capital Programme: Estimated Outturn 2019/20; Capital Programme: Analysis of Rescheduling; and Prudential Indicators.

The revenue position reflected overspends in services relate to Looked After Children Placements and Special Education Needs (SEN) Transport with compensating below budgeted expenditure within corporate areas.

The Council's capital spending was projected to be £218.9m and included major scheme expenditure which ranged from investment into the A46 Link Road, Coventry Station Masterplan, Whitley South infrastructure and the National Battery Plant.

A small overspend of £0.1m was being predicted against the Salt Lane Car Park construction nearing completion, this represented less than 1% of the overall

budget approved in January 2017 and was the outcome of additional costs for power and water supply requested by the Contractor.

RESOLVED that the Cabinet:

- 1) Approves the Council's revenue monitoring position.**
- 2) Approves the revised capital estimated outturn position for the year of £218.9m incorporating: £3.9m net increase in spending relating to approved/technical changes, £6.9m net rescheduling of expenditure into 2020/21 and a £0.1m net scheme overspend.**
- 3) Approves £0.1m overspend on Salt Lane Car park to be funded from reserves or capital receipts.**

18. UK City of Culture 2021 Capital Programme - Approval to receive and be accountable body for additional capital funding for the Cultural Capital Investment Fund

The Cabinet considered a report of the Deputy Chief Executive (Place), that would also be considered at the meeting of the City Council on 3rd September 2019, that sought acceptance of a £8.51m grant allocation to support the UK City of Culture 2021 and approval for the City Council to become the Accountable Body for this funding.

On 7th December 2017, Coventry was awarded the title of UK City of Culture 2021. The City Readiness programme was formed to maximise the benefits of being awarded the title, addressing the benefits of aligned investment in areas such as city infrastructure; destination promotion and marketing; cultural capital; skills and sector development.

At the meeting of the City Council on the 4th September 2018 (their minute 45/18 referred) approval was given for the City Readiness Programme. The approval gave delegated authority to the Deputy Chief Executive (Place) and the Director of Finance and Corporate Services to identify and bid for grant assistance, where available, that supported the aims of the City of Culture, and included the power to accept the terms and conditions of grant funding and the entering into all necessary legal agreements to secure the grant funding where the level was below the existing Council threshold of £2.5m.

To facilitate the funding received the Cultural Capital Investment Fund had been created to combine all capital funding both internal and external to support and improve the cultural infrastructure. Investment in the city's infrastructure created a legacy and ensured the benefits of UK City of Culture 2021 were felt by future generations.

As a result of actions undertaken, an allocation of £8.51m was announced in the UK Government's Autumn Budget 2018 to support capital funded works to support the UK City of Culture 2021. It was confirmed that the funding would be distributed by Arts Council England to Coventry City Council, subject to their grant management processes and conditions.

This was an opportunity, through culture, to raise the profile of the city to attract new investors and enable significant regeneration. Coventry had the benefit of the title for seven years from announcement, through delivery year to three years legacy and had already realised over £28.5m of media coverage so far.

Coventry had developed a partnership Cultural Strategy 2017-2027 for which City of Culture could be an accelerant, for achieving wellbeing and economic outcomes. The Council already had a £722m capital programme in place from 2019 to 2024 with, clear economic and regenerative goals.

The funding would support capital projects that would create production space and expand and improve event/performance spaces. It would also help restore key historic buildings in the City Centre and ensure that they played an important part in 2021 and, most importantly, continued as a legacy for the City into the future.

The Council had also been successful in securing £2.4m Growth Deal Funding from the August open call led by the CWLEP to support the City's cultural capital infrastructure.

RESOLVED that the Cabinet recommends that Council:

- 1) Authorises that the Council accepts the £8.51m grant allocation acting as Accountable Body on behalf Arts Council England to support Capital funding works in 2019/20 and 2020/21 in preparation for Coventry hosting the UK City of Culture 2021.**
- 2) Delegates authority to the Deputy Chief Executive (Place) and the Director of Finance and Corporate Services to accept the terms and conditions of the grant, to enter into the necessary legal agreements to secure the grant and add to the Capital Programme as necessary.**
- 3) Authorises that the Deputy Chief Executive (Place) and the Director of Finance and Corporate Services be given delegated authority to approve all elements of capital expenditure associated with Recommendation 1 above.**
- 4) Authorises the £2.4m Growth Deal to be added to the Capital Programme as necessary.**

19. One Coventry Plan Annual Performance Report 2018-2019

The Cabinet considered a report of the Deputy Chief Executive (Place) on the annual performance for 2018-2019 in respect of the progress made towards the One Coventry Plan. For each objective, the report set out the trends, actions taken, and performance metrics, to provide an objective assessment of the progress made. Appendices to the report provided a copy of the The Plan and One Coventry Performance Management Framework.

One Coventry was the narrative that described the Council's objectives, key strategies and approaches. It included the Council's vision and priorities; new ways of working; and core areas of activity. The One Coventry Plan set out the vision and priorities for the city: globally connected to promote the growth of a

sustainable Coventry economy; locally committed to improve the quality of life of Coventry residents; working together with partners and residents to deliver priorities with fewer resources. A further Appendix to the report set out the Council's performance management framework which detailed how the Council planned and organised its resources to achieve its vision and priorities.

Of the 75 headline indicators, 42 indicators improved; 10 stayed the same; 15 indicators got worse; 7 indicators couldn't be determined or there was no clear direction of travel; and progress was not available for 1 indicator. This meant that, at the end of the year, 78% of directional indicators had improved or stayed the same. This compared to 71% in 2017/2018 and 75% in 2016/2017. The report also set out how the Council was addressing equality and health inequalities.

Progress had been maintained in the context of continued and sustained reduction in the overall resources available to the Council, with resources from the Local Government Finance Settlement fallen by £113m in the period between 2010/2011 and 2018/2019.

A further Appendix to the report set out the Council's performance management framework which detailed how the Council planned and organised its resources to achieve its vision and priorities.

The report had also been considered by the Scrutiny Co-ordination Committee at their meeting on 17th July 2019 (their minute 9/19 referred) and they decided that:

- 1) The Council's performance, as set out in the report, be noted.
- 2) Consideration be given to including information on fly-tipping and street cleansing on a ward by ward basis on the online tool
- 3) Consideration be given to including ethnicity information on the life expectancy no.10 bus route diagram in future annual performance reports
- 4) In relation to Supporting Local businesses, consideration be given to the inclusion of a gender analysis of business leads in future annual performance reports
- 5) The intention to include City of Culture and Climate Change in future annual performance reports be noted
- 6) The Cabinet Member for City Services be requested to consider the concerns raised regarding local hotspots for fly-tipping, in particular when on privately owned land, and the use of cctv
- 7) Further consideration to be given to the issues raised relating to the private rental sector housing including high rents, fuel poverty and the freeing up of student homes for local families, in conjunction with the current work on selective and additional licensing.

Further, the Committee agreed to make recommendations to the Cabinet and these were set out in a Briefing Note attached as an Appendix to the report.

RESOLVED that the Cabinet:

- 1) **Approves the recommendations of the Scrutiny Co-ordination Committee, as set out in an Appendix to the report, that the following points are considered for future performance reports:**
 - a) **Consideration be given to including information on fly-tipping and street cleansing on a ward by ward basis on the online tool.**
 - b) **Consideration be given to including ethnicity information on the life expectancy no 10 bus route diagram in future annual performance reports.**
 - c) **In relation to Supporting Local businesses, consideration be given to the inclusion of a gender analysis of business leads in future annual performance reports.**
 - d) **The intention to include City of Culture and Climate Change in future annual performance reports be noted.**
- 2) **Approves the performance report.**

20. **Adoption of Air Quality, Hot Food Takeaways and Sustainable Urban Extension (SUE) Residential Design Guide Supplementary Planning Documents (SPDs)**

The Cabinet considered a report of the Deputy Chief Executive (Place) on the proposed content and adoption of Supplementary Planning Documents (SPD's) in respect of Air Quality, Hot Food Takeaways and Sustainable Urban Extension Residential Design Guide. The SPD's were attached as Appendices to the report.

Following the adoption of the Coventry Local Plan in December 2017, the Council had been developing several Supplementary Planning Documents (SPD's) to provide technical guidance and support to specific policies within the Plan.

The development of SPDs was subject to statutory process including public consultation. The Air Quality and Hot Food Takeaways SPDs summarised within the report were subject to two periods of consultation during August/September 2018 and January/February 2019 and the SUE Residential Guide SPD was subject to two separate periods of consultation, including, August/September 2018 and February/March 2019. These stages, summarised in section 3 of the report, were overseen through the Cabinet Member process. All SPDs had been updated to reflect the results of consultation and were now presented for adoption.

The Air Quality SPD was intended to provide technical guidance and support to Policy EM7 (Air Quality) of the Local Plan. It had been developed in partnership with the Council's Planning, Environmental Protection and Public Health functions and was intended to support ongoing joint working through the planning process. As a result, this would help deliver one of the overall objectives of the Plan which was to help improve the health and wellbeing of Coventry residents and visitors.

The Hot Food Takeaways SPD was intended to provide technical guidance and support to Policy R6 (Restaurants, Bars and Hot Food Takeaways) of the Local Plan. It had been developed in partnership with the Council's Public Health team

and was intended to support ongoing joint working on all matters of health and wellbeing considerations through the planning process.

The Sustainable Urban Extensions (SUE) Residential Design Guide SPD was intended to provide technical guidance and support to the relevant policies of the Local Plan that related directly to the allocated urban extensions at Keresley and Eastern Green. For the avoidance of doubt, this primarily related to Policies DS4 and H2. The Design Guidance could also be applied to other site allocations within Policy H2 and relevant larger developments, particularly those situated within the wider Arden landscape. An indicative masterplan document to support the Keresley SUE was also appended to this SPD to reflect the fragmented land ownerships within the area and facilitate co-ordinated master planning across a range of planning applications.

RESOLVED that the Cabinet approves the content of the Air Quality SPD, Hot Food Takeaways SPD and the Sustainable Urban Extension Residential Design Guide SPD and agrees their adoption with effect from the 6th September 2019.

21. Hackney Carriage and Private Hire Vehicle Emissions

The Cabinet considered a report of the Deputy Chief Executive (Place) on the outcome of consultations and the proposed implementation of an emission-based vehicle licensing policy for private hire and hackney carriage vehicles licensed by the City Council. The report also sought approval for the identification and authorisation of suitable alternative proposals for achieving emission levels in existing vehicles.

On the 27th November 2018 the Cabinet considered a report detailing proposals to move away from an age-based vehicle licensing policy to a policy based on vehicle emissions (Minute 80/18 referred). At the meeting authorisation was given to consult with stakeholders on the proposed changes prior to implementation. This report provided detail on the responses received through the consultation.

The proposal aimed to address the environmental impact of private hire and hackney carriage vehicles in the City taking into consideration the actions and timescales highlighted in the Coventry Local Air Quality Action Plan. The Council was obliged to improve local air quality and achieve the required reductions in nitrogen dioxide (NO₂) and the proposal to stop licensing older, less environmentally efficient private hire and hackney carriage vehicles was considered the best option to reduce NO₂ levels and encourage a more sustainable taxi fleet for the future. Consultees were asked to provide alternative proposals to achieve the required changes, none were received.

The current policy for licensing taxi's specified that no hackney carriage more than 10 years old (from date of registration) or private hire vehicle more than 6 years old (from date of registration) would be licensed. Exceptions were made where the condition of the vehicle was considered to be "exceptional", having regard to the condition of its bodywork and interior, mechanical condition and mileage. Recognizing the negative environmental impact that an ageing taxi fleet had and the need to improve air quality, Coventry City Council consulted with various stakeholders on a proposal to replace the existing age policy with a policy that

concentrated on vehicle emissions rather than age specifically.

A 90-day consultation on phased emission-based requirements and timescales was circulated to all Coventry City Council licensed drivers, vehicle proprietors and operators alongside other key stakeholders, and was available via the council's website for general participation. In total 575 responses were received, the details of which were set out in an Appendix to the report.

RESOLVED that, having considered the results of the consultation, the Cabinet:

- 1. Approves the implementation of emission-based vehicle licensing requirements for private hire and hackney carriage vehicles licensed by the Council.**
- 2. Approves the timescales for a phased introduction in emission standards.**
- 3. Delegates authority to the Director of Streetscene and Regulatory Services to identify and authorise suitable alternative proposals for achieving emission levels in existing vehicles.**

22. Coventry Street Lighting PFI Debt Re-Financing

The Cabinet considered a report of the Deputy Chief Executive (Place) that sought approval for refinancing the Council's Street Lighting PFI Contract to deliver lower costs than under the existing contract. Due to the need to achieve financial close before the end of September 2019, Cabinet was being requested to approve delegation to the Director of Finance and Corporate Services, following consultation with the Cabinet Member for Strategic Finance and Resources, to agree the final legal and financial details with an intention to achieve the most favourably beneficial outcome for the Council.

A corresponding private report was also submitted to the meeting setting out the commercially confidential matters of the proposals. (Minute 27 below refers.)

There was a contractual obligation for PFI agreements to be analysed on a regular basis to identify any potential benefits from debt re-financing. However, all parties needed to be in agreement for a re-financing to occur. The opportunity to refinance the PFI at this point reflected current lower interest rates (this project reached financial close when the funding market was still being negatively impacted by the banking crash and as such affected funding terms), changes in the financial markets in recent years and the position of lenders and their preference for continuing to participate in the PFI market or redirect their attention into other financial instruments. These circumstances coincided at this point, providing an opportunity to reduce the cost to the PFI scheme, thereby providing savings to both the PFI provider and the City Council under the contract. Several other local authorities had undertaken debt restructuring of this nature in recent years. The PFI scheme was part funded by government grant. As a consequence, the Department for Transport (DfT) was a key stakeholder and must agree to any refinancing arrangement as must HM Treasury who provided pan Government oversight of all PFI projects.

The Council's financial advisors advised that renegotiation with one or both existing funders was the only realistic option. In this case one of the funders agreed to buy out the other funder's share of the debt and refinance at significantly lower rates, and on other more preferable funding terms. In order to avoid swap breakage costs, the existing interest rate swap agreement would remain in place. On this basis, it was proposed that the existing funder renegotiation option be pursued as the method of re-financing the Council's Street Lighting PFI contract because this presented the best opportunity for the Council to maximise savings under the PFI Contract.

RESOLVED that the Cabinet:

- 1) Approves in principle the proposals for re-financing the City Council's Street Lighting Private Finance Initiative debt in line with the financial proposals set out in the private version of the report.**
- 2) Delegates authority to the Director of Finance and Corporate Services, following consultation with the Cabinet Member for Strategic Finance and Resources, to:**
 - a. Agree the final proposal for re-financing on the basis that a financial benefit is provided to the Council over the term of the PFI contract and subject to the Director of Finance and Corporate Services seeking such legal and financial advice as he deems necessary.**
 - b. Negotiate, agree and enter into any and all documents; issue any notices or certificates; and/or take any decisions; that the Director of Finance and Corporate Services deems necessary to document and implement the agreed proposal for re-financing.**

23. Proposed Development of a Regional Materials Recycling Facility with Partnering Authorities

The Cabinet considered a report of the Deputy Chief Executive (Place), that would also be considered at the meeting of the City Council on 3rd September 2019, on the proposed development of a regional materials recycling facility with partnering authorities. A Site Location Plan was attached as an Appendix to the report.

A corresponding private report was also submitted to the meeting setting out the commercially confidential matters of the proposals. (Minute 28 below refers.)

Coventry City Council currently paid c.£1.6million per year to the private sector for the treatment of recyclable material collected in Coventry (including haulage to the treatment facility in London and any recycle value benefit). This cost had increased substantially over the last five years. Evidence from recent procurement exercises in both Coventry and neighbouring authorities showed that this upward trend of cost was likely to continue with substantial rises as the private sector continued to move the risk of end market prices and legislation more and more to local authorities.

In 2017/2018 a feasibility study was undertaken to consider the technical and economic viability of developing a Material Recycling Facility to serve Coventry City Council (CCC), neighbouring authorities, and commercial businesses across the region. This study indicated a positive business case, subject to more detailed information. During the last 12 months a detailed Business Case was developed to determine the viability of a Materials Recycling Facility, which concluded that a facility with a capacity of 120,000 – 175,000 tonnes would be commercially viable. CCC currently collected c.24,000 tonnes of recyclable waste per annum.

To make the construction of a Materials Recycling Facility financially viable and, in order to share the risks and benefits of this project, a formal agreement has been formed with five other local authorities: Nuneaton and Bedworth Borough Council; North Warwickshire Borough Council; Rugby Borough Council; Solihull Metropolitan Borough Council; and Walsall Council.

The Business Case considered in this report had therefore been developed assuming the recyclable materials from each of these authorities would be committed to the Project, thereby making the facility cost effective, whilst leaving some tonnage head room for commercial growth and the future needs of the Partner Councils, or the addition of more Partner Councils.

To date the costs of producing the business case had been shared by the partners based on the ratio of their likely tonnage inputs. Along with an investment proposal, this report sought authority to further strengthen these arrangements through a second Joint Working Agreement which would cover the work up to financial close, including but not limited to the costs of procurement, advisors, and the submission of a planning application for the construction of a new Material Recycling Facility.

At financial close, the Partner Councils would be required to establish jointly an arms-length company (AssetCo) to enter into contracts and to deliver the recycling solution, funded through loans from the partners councils.

The existing Local Plan had made provision for future waste management facilities in Coventry by allocating the site adjacent to the current Energy from Waste plant on Bar Road. The project described within this report proposed to use c.50% of this site to develop the Material Recycling Facility.

The Business Case considered a number of development and recycle throughput scenarios. The Basecase assumed: a 120,000 tonne per annum plant; only Partner Council recycle input of c.90,000 tonnes per annum, rising to c.120,000 tonnes per annum in year 20 through household growth; £34.45million total capital cost, including £2.85million development costs; Capital loan of c.£31.6million (i.e. £34.45million less £2.85million); non-capital loan of c.£3.369million representing rolled up interest and cash flow funding required by AssetCo; £1million total share acquisition in AssetCo; and of this total £35million, a capital contribution 'share' from CCC of c.£9.7million resulting in a 27.72% ownership of the facility (based on tonnage proportions)

The Basecase provided a treatment cost of c.£44.31 per tonne which equated to c.£1.06million per year (including haulage to the treatment facility in Coventry and

any recycle value benefit), so a direct saving of c.£584,000 per year against Do-Nothing.

Further, the commercial loan provided a net income to treasury management of c.£156,000 per year. In addition, the lease of the land would deliver a further income of c.£100,000 per year to CCC. In total, the Basecase delivered a financial saving of c.£840,000 per year to CCC.

It was prudent to allow some headroom to account for project changes, so the recommendations in the report allowed for a capital contingency of £1m. Against the financial contribution of £10.7million (i.e. £9.7m plus £1m contingency), this still equated to an annual return on investment of 7.8% pa.

Sensitivities had been run through the financial modelling to measure the economic and commercial considerations of additional Partner Councils and 3rd party commercial dry mixed recycle, and the benefit to each Partner Council.

RESOLVED that, subject to the consideration of the private report on this matter, the Cabinet:

- 1) Authorises entering into the Joint Working Agreement (2) between the Council and the Partner Councils in order to facilitate the delivery of the Materials Recycling Facility.**
- 2) Delegates authority to the Deputy Chief Executive (Place), following consultation with the Cabinet Member for City Services, to finalise the terms and make such variations as is deemed necessary to the terms of the Joint Working Agreement (2) with the Partner Councils.**
- 3) Approves the Council entering into a lease to AssetCo and to grant delegated authority to the Deputy Chief Executive (Place), in consultation with the City Solicitor, to negotiate and finalise the terms of the lease in order to facilitate the building and the operation of the Materials Recycling Facility Building.**
- 4) Following the completion of the Business Case and Joint Working Agreement (2) by all the Partner Councils, approves the commencement of a competitive procurement process on behalf of the Partner Councils as Lead Authority.**
- 5) Delegates authority to the Deputy Chief Executive (Place), following consultation with the Cabinet Member for City services and the Director of Finance and Corporate Services, to award the contract once the tender process is complete.**
- 6) Approves the use of its powers under Section 12 of Local Government Act 2003 and Section 1 of the Localism Act 2011 to establish AssetCo between the Council and the Partner Councils and to acquire shares in the AssetCo, funded from corporate capital resources**

- 7) **Delegates authority to Approve the Council representation on the AssetCo Board be agreed by the Deputy Chief Executive (Place) and Director of Finance and Corporate Services, following consultation with the Cabinet Member for City services, once the format of the Board is established as part of the final terms of the agreement.**
- 8) **Delegates to the Deputy Chief Executive (Place) the submission a planning application for the development of the Materials Recycling Facility to the Local Planning Authority, subject to the conclusion of the necessary surveys.**
- 9) **Delegates authority to the Deputy Chief Executive (Place) to begin public engagement associated with the proposed submission of the planning application and to undertake all necessary work to prepare the site ready for the clearance and full site investigation.**
- 10) **Cabinet recommends that Council:**
 - a) **Approves the use of its powers under Section 12 of Local Government Act 2003 and Section 1 of the Localism Act 2011 to establish AssetCo between the Council and the Partner Councils and to acquire shares in the AssetCo.**
 - b) **Approves a loan facility to AssetCo on commercial market terms to facilitate the construction and operation of the Materials Recycling Facility.**
 - c) **Approves expenditure under Joint Working Arrangement (2) in respect of the Council's share of development costs up to the point of financial close, to be funded from earmarked reserves.**
 - d) **Delegates authority to the Deputy Chief Executive Place and the Director of Finance and Corporate Services, in consultation with the City Solicitor and the Cabinet Member for City Services, to finalise and agree the detailed terms of the transaction with AssetCo. The authority under this delegation shall also include:**
 - i. **the power to enter into the relevant legal agreements and associated documents necessary to complete the transaction with AssetCo;**
 - ii. **(in relation to the management of the loan facility) the power to negotiate and agree variations to the terms of the loan facility;**
 - iii. **the power for the Council to provide such services as is deemed necessary (e.g. HR and/or Payroll) to AssetCo;**
 - iv. **The power to enter into the Service Level Agreement with AssetCo committing the Councils waste tonnage for 20 years.**
 - e) **Approves the addition to the Councils approved capital programme for the purposes of delivering the Materials Recycling Facility.**

24. **Grant of Lease on Land in Friargate Business District**

The Cabinet considered a report of the Deputy Chief Executive (Place), that would also be considered at the meeting of the City Council on 3rd September 2019, on proposals to grant a lease on land within the Friargate Business District. Appendices to the report provided a Site Plan and the Masterplan General Arrangement.

A corresponding private report was also submitted to the meeting setting out the commercially confidential matters of the proposals. (Minute 29 below refers.)

The City Council had a long-held ambition to realise the delivery of high-quality new hotels within the City and currently had the option to acquire a site for this purpose within the Friargate Business District. There was now an opportunity to secure the delivery of a four star 'Hotel Indigo' for the city, to be open and operational in the early part of 2021.

Given the unproven market for higher end hotels within Coventry city centre (there had been no hotel of a four-star equivalent for approximately 50 years) and the cost of delivering such a hotel within such an early phase of Friargate, a development of this quality required the support of the Council through:

- a contribution to the delivery of public realm and the provision of utilities infrastructure in the surrounding area to the site
- a disposal of the land at a value that may be less than the prevailing market value of that site
- the making available of up to 50 car parking spaces (which will be the subject of a separate lease).

RESOLVED that the Cabinet:

- 1) Approves capital expenditure (subject to the satisfaction of the conditions precedent (contractual protection) contained within the option agreement dated 15th January 2019 between the Council and Friargate JV Project Limited, as outlined in para 1.2 of the report), to fund the acquisition of the site shown edged red on the Site Plan appended to the report, by way of the entering into of a 250 year lease the sum of which is identified in the private element of this report.**
- 2) Delegates authority to the City Solicitor, following consultation with the Finance Manager (Corporate Finance) and the Cabinet Member for Jobs and Regeneration, to finalise the terms of the leasehold acquisition between the Council and Friargate JV Project Limited to ensure that this transaction will be entered into in the most efficient manner.**
- 3) Authorises the grant of a new lease for the unexpired term of the headlease to be acquired under recommendation 1) above (less seven days) to a special purpose vehicle to be formed by Wylam Investments Limited for the site shown edged in red on the Site Plan attached as an appendix to the report, for the development of a hotel in accordance with the terms of this report.**

- 4) Approves the draft Heads of Terms for the grant of the underlease as set out in the private element of this report.
- 5) Delegates authority to the City Solicitor, following consultation with the Finance Manager (Corporate Finance) and the Cabinet Member for Jobs and Regeneration, to undertake the necessary due diligence, make any subsequent variation to the Heads of Terms, and to complete the necessary legal documentation required to enter into the new lease arrangements.
- 6) Approves capital expenditure of up to £1m from existing resources within the Public Realm Programme associated with City of Culture readiness, to be used for the purposes of delivering a public realm scheme in and around the hotel site.
- 7) Delegates authority to the City Solicitor, following consultation with the Finance Manager (Corporate Finance) and the Cabinet Member for Jobs and Regeneration, to agree the final public realm cost, specification and necessary legal documentation required for delivery.
- 8) Approves capital expenditure of up to £0.685m from existing resources within the capital programme to be used for the purposes of providing the necessary utilities and servicing infrastructure in the surrounding area to the site, as well as up to the boundary of the site, in order to enable the delivery of the hotel.
- 9) Delegates authority to the City Solicitor, following consultation with the Finance Manager (Corporate Finance) and the Cabinet Member for Jobs and Regeneration, to agree the final services and utilities cost, specification and necessary legal documentation required for delivery.
- 10) Approves, following practical completion of the infrastructure, the proposed grant of a lease for up to 50 car parking spaces at the rail station multi-story car park, the details of which are set out in the private report.
- 11) Delegates authority to the City Solicitor, following consultation with the Finance Manager (Corporate Finance) and the Cabinet Member for Jobs and Regeneration, to undertake the necessary due diligence and to complete the necessary legal documentation required to enter into the new car park lease arrangements.
- 12) Cabinet recommends that Council approves the necessary adjustment to the Capital programme to reflect the capital expenditure incurred in the acquisition of the leasehold interests within the Friargate Business District.

25. Outstanding Issues

There were no outstanding issues.

26. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of public business.

27. **Coventry Street Lighting PFI Debt Re-Financing**

Further to Minute 22 above, the Cabinet considered a private report of the Deputy Chief Executive (Place), setting out the commercially confidential matters relating to refinancing the Council's Street Lighting PFI Contract to deliver lower costs than under the existing contract.

RESOLVED that the Cabinet:

- 1) **Approves in principle the proposals for re-financing the City Council's Street Lighting Private Finance Initiative debt, in line with the financial proposals set out in the report.**
- 2) **Delegates authority to the Director of Finance and Corporate Services, following consultation with the Cabinet Member for Strategic Finance and Resources, to:**
 - a) **Agree the final proposal for re-financing on the basis that a financial benefit is provided to the Council over the term of the PFI contract and subject to the Director of Finance and Corporate Services seeking such legal and financial advice as he deems necessary.**
 - b) **Negotiate, agree and enter into any and all documents; issue any notices or certificates; and/or take any decisions; that the Director of Finance and Corporate Services deems necessary to document; and implement the agreed proposal for re-financing.**

28. **Proposed Development of a Regional Materials Recycling Facility with Partnering Authorities**

Further to Minute 23 above, the Cabinet considered a private report of the Deputy Chief Executive (Place), setting out the commercially confidential matters relating to the proposed development of a regional materials recycling facility with partnering authorities.

RESOLVED that the Cabinet:

- 1) **Authorises entering into the Joint Working Agreement (2) between the Council and the Partner Councils in order to facilitate the delivery of the Materials Recycling Facility.**
- 2) **Delegates authority to the Deputy Chief Executive (Place), following consultation with the Cabinet Member for City Services, to finalise the terms and make such variations as is deemed necessary to the terms of the Joint Working Agreement (2) with the Partner Councils.**

- 3) Approves the Council entering into a lease to AssetCo and to grant delegated authority to the Deputy Chief Executive (Place), in consultation with the City Solicitor, to negotiate and finalise the terms of the lease in order to facilitate the building and the operation of the Materials Recycling Facility Building.
- 4) Following the completion of the Business Case and Joint Working Agreement (2) by all the Partner Councils, approve the commencement of a competitive procurement process on behalf of the Partner Councils as Lead Authority for an estimated contract value in the sum now indicated to which the Council will be contributing the sum specified.
- 5) Delegates authority to the Deputy Chief Executive (Place), following consultation with the Cabinet Member for City services and the Director of Finance and Corporate Services, to award the contract for the sum now indicated once the tender process is complete.
- 6) Approves the use of its powers under Section 12 of Local Government Act 2003 and Section 1 of the Localism Act 2011 to establish AssetCo between the Council and the Partner Councils and to acquire shares in the AssetCo for the value of the sum now indicated, funded from corporate capital resources.
- 7) Delegates authority to Approve the Council representation on the AssetCo Board be agreed by the Deputy Chief Executive (Place) and Director of Finance and Corporate Services, following consultation with the Cabinet Member for City services, once the format of the Board is established as part of the final terms of the agreement.
- 8) Delegates to the Deputy Chief Executive (Place) the submission of a planning application for the development of the Materials Recycling Facility to the Local Planning Authority, subject to the conclusion of the necessary surveys.
- 9) Delegate authority to the Deputy Chief Executive (Place) to begin public engagement associated with the proposed submission of the planning application and to undertake all necessary work to prepare the site ready for the clearance and full site investigation.
- 10) The Cabinet recommends that Council:
 - a) Approve the use of its powers under Section 12 of Local Government Act 2003 and Section 1 of the Localism Act 2011 to establish AssetCo between the Council and the Partner Councils and to acquire shares in the AssetCo for the value of up to £277,000.
 - b) Approve a loan facility to AssetCo on commercial market terms up to the value of the sum now indicated to facilitate the construction and operation of the Materials Recycling Facility.

- c) **Approve expenditure under Joint Working Arrangement (2) of the sum now indicated in respect of the Council's share of development costs up to the point of financial close, to be funded from earmarked reserves.**
- d) **Delegate authority to the Deputy Chief Executive Place and the Director of Finance and Corporate Services, following consultation with the City Solicitor and the Cabinet Member for City Services, to finalise and agree the detailed terms of the transaction with AssetCo. The authority under this delegation shall also include:**
 - i. **the power to enter into the relevant legal agreements and associated documents necessary to complete the transaction with AssetCo;**
 - ii. **(in relation to the management of the loan facility) the power to negotiate and agree variations to the terms of the loan facility;**
 - iii. **the power for the Council to provide such services as is deemed necessary (e.g. HR and/or Payroll) to AssetCo;**
 - iv. **the power to enter into the Service Level Agreement with AssetCo committing the Councils waste tonnage for 20 years.**
- e) **Approve the addition of the sum now indicated to the Councils approved capital programme for the purposes of delivering the Materials Recycling Facility.**

29. Grant of Lease on Land in Friargate Business District

Further to Minute 24 above, the Cabinet considered a private report of the Deputy Chief Executive (Place), setting out the commercially confidential matters relating to proposals to grant a lease on land within the Friargate Business District.

RESOLVED that the Cabinet:

- 1) **Approves capital expenditure, subject to the satisfaction of the conditions precedent (contractual protection) contained within the option agreement dated 15th January 2019 between the Council and Friargate JV Project Limited, as outlined in para 1.2, to fund the acquisition of the site shown edged red on the Site Plan appended to the report, by way of the entering into of a 250 year lease in return for a premium payment in the sum now indicated (plus acquisition fees and Stamp Duty Land tax).**
- 2) **Delegates authority to the City Solicitor, following consultation with the Finance Manager (Corporate Finance) and the Cabinet Member for Jobs and Regeneration, to finalise the terms of the leasehold acquisition between the Council and Friargate JV Project Limited to ensure that this transaction will be entered into in the most efficient manner.**
- 3) **Authorises the grant of a new lease for the unexpired term of the headlease to be acquired under recommendation 1) above (less seven days) to a special purpose vehicle to be formed by Wylam Investments**

Limited for the site shown edged in red on the Site Plan appended to the report for the development of a hotel in accordance with the terms of this report.

- 4) Approves the draft Heads of Terms for the grant of the underlease as set out in the Proposed Heads of Terms appended to the report.
- 5) Delegates authority to the City Solicitor, following consultation with the Finance Manager (Corporate Finance) and the Cabinet Member for Jobs and Regeneration, to undertake the necessary due diligence, make any subsequent variation to the Heads of Terms, and to complete the necessary legal documentation required to enter into the new lease arrangements.
- 6) Approves capital expenditure of up to £1m from existing resources within the Public Realm Programme associated with City of Culture readiness, to be used for the purposes of delivering a public realm scheme in and around the hotel site.
- 7) Delegates authority to the City Solicitor, following consultation with the Finance Manager (Corporate Finance) and the Cabinet Member for Jobs and Regeneration, to agree the final public realm cost, specification and necessary legal documentation required for delivery.
- 8) Approves capital expenditure of up to £0.685m from existing resources within the capital programme to be used for the purposes of providing the necessary utilities and servicing infrastructure in the surrounding area to the site as well as up to the boundary of the site in order to enable the delivery of the hotel.
- 9) Delegates authority to the City Solicitor, following consultation with the Finance Manager (Corporate Finance) and the Cabinet Member for Jobs and Regeneration, to agree the final services and utilities cost, specification and necessary legal documentation required for delivery.
- 10) Approves (following practical completion of the infrastructure) the proposed grant of a lease for up to 50 car parking spaces at the rail station multi-story car park on the terms now indicated.
- 11) Delegates authority to the City Solicitor, following consultation with the Finance Manager (Corporate Finance) and the Cabinet Member for Jobs and Regeneration, to undertake the necessary due diligence and to complete the necessary legal documentation required to enter into the new car park lease arrangements.
- 12) Cabinet recommends that Council approves the necessary adjustment to the Capital programme to reflect the capital expenditure incurred in the acquisition of the leasehold interests within the Friargate Business District.

30. **Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of private business.

(Meeting closed at 3.00 pm)