



Coventry City Council

## Agenda

### **Cabinet Member for Jobs, Regeneration and Climate Change**

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#### **Time and Date**

11.00 am on Thursday, 15th July, 2021

#### **Place**

DR 1 and 2, Council House, Coventry CV1 5RR

**Please note that in line with current COVID regulations, there will be limited public access to the meeting to ensure social distancing. If you wish to attend in person, please contact the Governance Services Officers indicated at the end of the agenda.**

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#### **Public Business**

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes** (Pages 5 - 10)
  - a) To agree the Minutes of the meeting held on 25 November, 2020
  - b) Any matters arising
4. **Surrender of Existing Lease and Simultaneous Re-grant of a New 150 Year lease in Relation to 49-51 Corporation Street** (Pages 11 - 20)

## Report of the Director of Property Services and Development

NOTE: In accordance with the Constitution, Councillor N Akhtar, Chair of the Scrutiny Co-ordination Committee, has been invited to attend the meeting for this item of business to agree the need for urgency such that call-in arrangements will not apply. The reason for urgency is that there is an urgent need to complete the surrender and regrant of a new 150 year lease for the property as this enables the third phase of Belgrade Theatre development plan to be completed and occupied. It is also important that as the majority of the £5m development cost for the whole scheme is coming by way of grant funding and that as the accountable body, the Council secures the grant funding outcomes agreed, of which phase 3 is part.

Also there is a desire to complete the works as soon as possible during the City of Culture year, enabling the maximum use of the new space. To this end Complex Development Projects (CDP) who own the long lease of the building, have commenced the refurbishment works for the Belgrade at risk. They are looking for payment from the Belgrade for the internal construction works as soon as possible. The Belgrade can't get access the grant for this to pay CDP until the new lease is in place.

5. **Palmer Lane Regeneration** (Pages 21 - 32)

Report of the Director of Transportation and Highways

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.**

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Julie Newman, Director of Law and Governance, Council House Coventry

7 July, 2021

Note: The person to contact about the agenda and documents for this meeting is Suzanne Bennett, [suzanne.bennett@coventry.gov.uk](mailto:suzanne.bennett@coventry.gov.uk), Tele: 02476 972299

Membership: Councillor J O'Boyle, Cabinet Member  
By Invitation: Councillor P Male, Shadow Cabinet Member

## **Public Access**

Please note that in line with current COVID regulations, there will be limited public access to the meeting to ensure social distancing.

Any member of the public who would like to attend the meeting in person is required to contact the following officer in advance of the meeting regarding arrangements for public attendance.

**Suzanne Bennett**

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**Coventry City Council**  
**Minutes of the Meeting of Cabinet Member for Jobs and Regeneration held at**  
**2.00 pm on Wednesday, 25 November 2020**

Present: Councillor J O'Boyle (Cabinet Member)

Members: Councillor P Male (Shadow Cabinet Member)

Other Members: Councillor G Ridley, Woodlands Ward Councillor

Employees (by Directorate): S Bennett, Law and Governance  
G Holmes, Law and Governance  
A Hunt, Property  
E Kirby, Law and Governance  
J Mascarenhas, Property  
R Moon, Director of Property Services and Development

## **Public Business**

### **20. Declaration of Interests**

There were no declarations of interest.

### **21. Minutes**

The Minutes of the meeting held on 21 October, 2020 were agreed and signed as a true record.

There were no matters arising.

### **22. Response to Petition Requesting "Save the Coventry Elephant"**

The Cabinet Member considered a report of the Director of Property Services and Development which responded to a petition bearing 876 signatures requesting that the Council "Save the Coventry Elephant and keep it under public ownership". The Petition Spokesperson had been invited to attend the meeting but was unable to do so. A statement in support of the petition was read out on their behalf.

On the 12 February 2019, Cabinet approved the managed decommissioning and closure of Coventry Sports and Leisure Centre which includes the swimming baths and the Elephant, as well as its potential disposal as a surplus property. Following these Cabinet decisions, the Council ran an expression of interest process for interested parties to come forward with proposals for the site and buildings. This has resulted in an identified developer entering into an Exclusivity Agreement with the Council which requires them to come forward with proposals and a business case for the site and buildings by May 2021 which needs to meet certain prescribed criteria for the buildings.

Once these proposals and business case are received, the Council will consider and take forward any viable proposals for the site and buildings that meet the said criteria in line with its usual governance procedures and statutory responsibilities, including Cabinet and Full Council approvals where appropriate.

The Council and the proposed developer are working within the parameters of an Exclusivity Agreement agreed between the parties in relation to the Coventry Sports and Leisure Centre. The report recommended that the Cabinet Member notes that work streams are continuing under the terms of the Exclusivity Agreement and that proposals will be brought forward in due course to identify sustainable uses and options for the buildings and the wider site.

For the avoidance of doubt, the report also indicated that no decisions have yet been made on future uses and options for the Sports and Leisure Centre buildings and site. The alternative to the above course of action would be to seek to negotiate an end to the Exclusivity Agreement with the proposed developer. This is not considered an option due to the legal terms contained within the Exclusivity Agreement and would result in the Council potentially missing an opportunity to have proposals brought forward, for further consideration, in relation to a key area of the city centre.

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

- 1) Notes the issues raised in the petition**
- 2) Notes that officers will continue with existing work streams in relation to Coventry Sports Centre in order to establish options for its future use**
- 3) Requests that officers inform the petitioners of the situation**

**23. Response to Petition Requesting the Adoption of a Phone Box in Sutherland Avenue to House a Defibrillator**

The Cabinet Member for Jobs and Regeneration considered a report of the Director of Property Services and Development responding to a petition bearing 203 signatures requesting that “the BT phone box near the shops at Sutherland Avenue to be repurposed to host a defibrillator and call on BT and the Council to work together to make this possible.” The petition was supported by Councillor G Ridley, a Woodlands Ward Councillor, who attended the meeting and spoke on behalf of the Petitioners.

The report indicated that the Council is supportive of the principle of adopting the telephone box on Sutherland Ave for use proposed by the petitioners. It is understood that there are other examples of how this has been done successfully in other areas of the country.

However, it is imperative that the Council does not take on the long-term liability for the repair, maintenance, insurance and electricity costs which are a condition of BT agreeing to transfer the phone box. This is because an increasing number of

BT phone boxes are becoming redundant and may be proposed for similar uses throughout the city potentially creating a long-term financial liability for the Council.

Accordingly, it was proposed that the Council will only be prepared to adopt the phone box once the petitioners form a properly constituted group to take on the above liabilities. The Council will be prepared to fund these costs for an initial 12 month period to allow the group to fund raise, but the Council will require the group to indemnify it against these costs by way of a legally binding agreement between the parties. In the event that the petitioners aren't able to form such a group the Council will not finalise the adoption of the phone box.

**RESOLVED that the Cabinet Member for Jobs and Regeneration agrees to approach BT to request taking ownership of the telephone box for a £1 (One Pound) which will then be used to house a defibrillator subject to the petitioners forming a properly constituted group, who shall be responsible for taking on the liability for the repair, maintenance, insurance and electricity costs incurred in relation to the telephone box after an initial 12 month period as well as indemnifying the Council against these costs by way of a legally binding agreement.**

#### 24. **Redevelopment of Siskin Drive Traveller Site**

The Cabinet Member for Jobs and Regeneration considered a report of the Director of Property Services and Development which indicated that the Siskin Drive Traveller site was originally established by the Council in the 1970's. The Council now has vacant possession of the site following the departure of the last remaining Traveller family. The site was left in a very poor condition. Planning policy in Coventry's Local Plan identifies the site as an allocated permanent Traveller site. Policy H7 Gypsy and Traveller Accommodation in the Coventry Plan identifies that 'provision will be made for at least 16 permanent pitches for Gypsies and Travellers through the re-modelling of the site at Siskin Drive'.

The identification of 16 pitches in the Local Plan was based upon the Travellers Need Assessment of 2014 which was predominantly informed by natural growth within the existing Traveller families at Siskin Drive & Burbages Lane (private site) at the time. Since the 'Traveller Need's Assessment' of 2014 there have been changes to the physical requirements of Travellers pitches and changes to Health and Safety standards, along with the view that less cramped sites provide better places to live and improve support for the families. This has meant that the number of pitches had to be reduced to comply with guidance. Travellers are now looking for sites that can accommodate larger Chalets with Utility and Kitchen / dinning accommodation blocks provided as well as parking for vehicles and a travelling caravan. To provide the new larger pitches and accommodation blocks and roadway through the site, as well as meeting the site separation fire safety regulations, requires the scheme to be reduced to 12 pitches. In the wider context of the 'Local Plan' the other 4 pitches identified could be delivered from private 'windfall sites' if there was further demand from the community.

Funding towards the costs of developing Traveller sites is available from Homes England. They have just announced their 2021 – 2025 programme of funding for

affordable housing and money has been specifically identified for permanent pitches on Traveller sites as part of this main funding programme. Historically Homes England have prepaid to fund around 60 - 65% of the costs of a Traveller site development. This excludes the value of the land included therefore 35 - 40% of the costs are required to be found elsewhere.

There is a policy in the Local Plan for the requirement for permanent Traveller pitches across the city. If Siskin Drive is not developed as a permanent Traveller site an alternative site where permanent pitches could be developed would be required unless the Council relied on the private sector to develop permanent Traveller sites in the city.

The report recommend that the Council enters into a long lease (99yrs) with Rooftop Housing Group and that they submit a bid direct to Homes England for grant funding and make the planning application for the redevelopment of the site for 12 permanent pitches in accordance with an agreed design criteria. Rooftop Housing Group have a successful track record in securing funding and developing Traveller sites having done so in Solihull in 2016 with Solihull Borough Council. They used a modular build for the utility blocks which could be replicated on the Siskin Drive site.

A number of meetings have been held with Rooftop Housing Group and they have submitted an initial financial appraisal based on estimated costs to the Council. They have confirmed that they have internal approval to now work up detailed costings based on a design scheme and to complete a full financial appraisal. This will be the basis upon which discussions with Homes England, with regard to grant funding, will also be concluded and their final submission to their Board for approval to complete the lease. They have indicated that final sign off to their Board will be in March 2021. During this time as well as securing funding Rooftop will commit to instructing their legal team to ensure the lease documents are agreed by March 2021.

Rooftop Housing Group have experience of developing and managing Traveller sites having a successful design for facilities along with an understanding of development costs and working with Homes England. The Council would remain involved as land owner only with the direct responsibility for redevelopment of the site along with the financial risk of funding the development, letting of the site, management & ongoing costs of maintenance and repair passing across to Rooftop Housing Group. The site would remain as a permanent Traveller site with the 12 permanent pitches substantially meeting the citywide requirements for permanent Traveller pitches in the city as set down in policy H7 of the Local Plan.

The Council would not be required to make a capital contribution and there would be ongoing revenue savings of £33,568 for the Council as all costs and risk are passed to Rooftop

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

- 1. Approves the proposal for redevelopment of Siskin Drive Traveller site to provide 12 permanent pitches.**

2. **Delegates authority to the Director of Property Services and Development to conclude negotiations for the terms of the long lease to Rooftop Housing Group that will enable them to secure Board approval, funding and planning, facilitating the redevelopment and subsequent management of Siskin Drive Traveller Site.**

25. **Outstanding Issues**

There were no outstanding issues.

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

There were no items of urgent public business.

(Meeting closed at 2.30 pm)

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**Cabinet Member for Cabinet Member for Jobs, Regeneration and Climate Change -  
Councillor J O'Boyle** **15<sup>th</sup> July 2021**

**Director Approving Submission of the report:**  
Director Property Services and Development

**Ward(s) affected:**  
St Michaels

**Title:**  
Surrender of Existing Lease and Simultaneous Re-grant of a New 150 Year Lease in Relation to  
49-51 Corporation Street, Coventry

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**Executive Summary:**

As part of the Cultural Capital Investment Programme (investment in the city's infrastructure creating a legacy and ensuring that the benefits of UK City of Culture 2021 are felt by future generations) the Council have awarded £5m of programme funding to the Belgrade Theatre Capital Project, which consists of three phases.

The Belgrade is Coventry's largest producing theatre, seating 850 in its main auditorium. It is the premiere space for live performing arts in the City Centre.

The Cultural Capital investment in the Belgrade Theatre has enabled the Belgrade Theatre Trust to refurbish the main auditorium and to extend and rebrand the café, including a redevelopment of the Burbidge room creating much needed conference and workshop space. The final (third) phase will see the redevelopment of the Jaguar pub in Corporation Street which will deliver a new digital space for young people and enable the creation of shared working space/workshop/small conferencing space and two apartments.

The former Jaguar pub (51 Corporation Street) has been closed for several years and the long leasehold interest of 49-51 Corporation Street was acquired by Complex Development Projects (CDP) in 2017. It was acquired following discussions between CDP and the Belgrade Theatre Trust.

CDP and the Belgrade Theatre Trust have approached the Council seeking to end the current lease of the premises and the granting of a new 150 year lease, to be consistent with the Belgrade's main lease, with a request that the Council forgo the capital lease premium value of the new lease in return for a commensurate, but deferred reduction in grant funding from the City Council. This would make it affordable for the Belgrade and allow the proposed third phase of the development programme to proceed.

The Council is therefore being requested to forgo the capital sum of £129,885 which would otherwise be payable immediately as a premium for the grant of a new long lease, in order to allow CDP to grant the new sublease to the Belgrade at only £650 per annum.

**Recommendations:**

Cabinet Member is recommended to:

1. Accept the surrender of the existing leasehold interest and authorise the simultaneous grant of a new 150 year lease to CDP for a £11,365 premium and £650 annual ground rent in respect of the premises known as 49-51 Corporation St, Coventry and shown on the plan attached to Appendix 1 of this report.
2. Forgo the sum of £129,885 which would otherwise be due, in order to allow CDP to grant a sublease to the theatre at £650 per annum, subject to a commensurate reduction in grant funding from the City Council once the final phase of the development works is operational and generating income.
3. Delegate authority to the Director of Business Investment and Culture, and Director of Finance, in consultation with the Cabinet Member for Strategic Finance and the Cabinet Member for Housing and Communities, to agree the timing and value of a future grant reduction, which will take into account the operating environment and financial business plan of the Belgrade Theatre Trust once the project has been implemented.
4. Delegate authority to the Director of Property Services & Development following consultation with the Director of Finance and the Director of Law and Governance to undertake the necessary due diligence and complete all necessary legal documentation to facilitate the completion of the transaction.
5. Delegate authority to the Director of Property Services & Development following consultation with the Cabinet Member for Jobs, Regeneration and Climate Change and the Cabinet Member for Strategic Finance and Resources for any subsequent variation in terms.

**List of Appendices included:**

Annex 1: Site plan for the acquisition of the interest.

**Other useful background papers:**

None

**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

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**Report Title:** Surrender of Existing Lease and Simultaneous Re-grant of a New 150 Year Lease in Relation to 49-51 Corporation Street, Coventry

**1. Context (or background)**

- 1.1 In 2016, in preparation for Coventry's bid for the UK City of Culture 2021 title, a visit to Newcastle was organised which was attended by Chief Executive of CDP and Executive Director of the Belgrade Theatre Trust). One of the visits was to Live Theatre, an organisation that had successfully removed its reliance on public funding to become a sustainable organisation with capacity to support other arts groups. Their success was largely based on taking on additional property close to the theatre and developing this, with support from Government grants, allowing them to grow wider income streams.
- 1.2 Following the visit, it was agreed between the parties to explore the development of a similar model to support the Belgrade Theatre. When the leasehold interest became available for the former Jaguar pub, CDP stepped in and brought the lease on the Belgrade Theatre's behalf, due to them not having the available funds.
- 1.3 The Belgrade Theatre has been working closely with the Cultural Capital Investment Programme team in the Council to raise the required funding to enable the project. This has been very successful, with all three phases of the project now being fully funded. The first two phases have now been delivered, successfully supporting City of Culture activity and presenting a positive image of the city and its facilities and providing a long term legacy.
- 1.4 Phase 3 will develop a new digital space in the former Jaguar pub in Corporation Street and is the final phase of this capital project. The development will see the creation of shared working space/workshop/small conferencing space and two apartments. This space will enable the Belgrade to deliver a ground-breaking 5G digital space for Coventry and a much-needed safe space for at-risk young people to benefit from emerging technologies. It will integrate digital and physical interaction, providing young people with opportunities to meet and learn whilst forming a pipeline into employment opportunities. This will create a fully flexible 'plug and play' venue that engages with local, regional and global communities, education and business.
- 1.5 The various capital developments, together with their recovery from the recent pandemic closures will inform the Trust's operating and financial planning position in the short to medium term.

**Property Details**

- 1.6 49-51 Corporation Street comprises two distinctive parts; Unit 51 - The former Jaguar pub – basement, part ground, first and second floor. The property is currently vacant and has not been occupied for several years since the public house closed.
- 1.7 Unit 49 is let on a long sub lease with 42 years remaining and comprises a ground floor restaurant, trading as Sushi Pa Pa with offices above, the premises was originally occupied by Abbey National.
- 1.8 The lease of the whole building is currently held by Complex Development Projects on a 99 years long leasehold from the Council which started 27<sup>th</sup> February 1965 with an annual ground rent of £650 per annum.
- 1.9 The Belgrade Theatre has developed a £600k grant funded project to refurbish and upgrade the premises as required to facilitate their operation of the property under a proposed

sublease of part. This project falls within the Cultural Capital Investment Programme overseen by the City Readiness Board.

## **2. Options and recommended proposal**

### **Option 1 – Proceed with the grant of a new lease (Recommended)**

- 2.1 CDP are seeking a new 150 year lease over the whole property with a wider user clause to facilitate the Belgrade Theatre's use. The current ground lease rent of £650 per annum will be paid for the whole of the 150 year term.
- 2.2 CDP propose to grant a new long sub lease of 150 years less 3 days to The Belgrade Theatre. On a normal commercial transaction, the sub tenant would be expected to pay a commercial rent or a premium payment for the benefit of this interest. CDP have agreed not to charge the Belgrade a premium or an annual market rent for this long lease interest.
- 2.3 The Council is therefore being asked to support the work of the Belgrade by forgoing the premium for the lease extension for the accommodation to be sub-let to the Belgrade.
- 2.4 Independent property advisors, Lambert Smith Hampton (LSH), have been engaged in order to consider the value of the new 150 year lease interest which has been used to inform the amount which the Council is being asked to forgo.
- 2.5 LSH state that the premium payable over the whole premises for the benefit of the new lease interest including the widening of the user clause to facilitate the Belgrade's use, would be £141,250.00.
- 2.6 The valuation confirms that the proportion of this premium applicable to number 49, should be £11,365. This relates to the extension of the current 42 year interest to 150 years and the removal of the rent review clause in the new lease. CDP has agreed to pay this element.
- 2.7 The balance of the premium assessed by LSH for the new lease to accommodate the Belgrade Theatre is £129,885 which is the value the Council is being asked to forgo.
- 2.8 LSH have further confirmed that the existing ground rent of £650 per annum is the current market ground rent and should be applied to the new rent across both units under the one lease for the duration.
- 2.9 The refurbishment of the subject property will improve the visual appearance of this building and the street scene, and potentially encourage associated arts uses in the area.
- 2.10 The tenant would continue to pay the appropriate business rates for the property subject to a revised valuation by the Valuation Office Agency for the new proposed uses.
- 2.11 This proposal will support the Belgrade Theatre's aspirations to become more financially sustainable and less reliant on public funding, utilising the commercial opportunities presented in this new facility and allowing them to generate further income streams, such they they will be able to reduce their reliance on Council Funding.

### **Rationale for forgoing the lease premium:**

- 2.2.1 Forgoing the premium allows the commercialisation of the property so that the Belgrade Theatre can generate increased revenue through the premises, which is much needed in the wake of the impact of the pandemic which has prevented live audiences and impacted their income substantially.
- 2.2.2 It will provide high-tech performance and rehearsal space for live music and performance events which will supplement the existing offering of the Belgrade Theatre.
- 2.2.3 The refurbishment will optimise the 'live' performance experience with digital lighting, sound and visuals.
- 2.2.4 The proposal will use digital capacity to reduce the cost of hiring and running the space for a variety of community and small arts organisations and practitioners
- 2.2.5 The project will create ground-breaking 5G digital space and a much needed safe space for 'at risk' young people to benefit from emerging technologies and provide young people with opportunities to meet and learn whilst forming a pipeline into employment opportunities
- 2.2.6 The proposal will ensure that the investment in the project can drive the cultural benefits, showcasing the city's principle producing theatre and its facilities, and meets the expectations of audiences attending events during 2021 and afterwards
- 2.2.7 The project will bring back into operational use a commercial premises which has been closed and dilapidated for approximately 5 years.
- 2.2.8 The Trust would be able, once the new facility is operational, to generate commercial value, so that grant funding from the Council can be reduced

### **Option - 2 Not to proceed with the new long lease**

- 2.3 Without the new 150 year lease, the long term stability of the theatre would be impacted by the loss of their rehearsal space some 50 years before the end of their occupational lease at the theatre.
- 2.4 The long term aspiration for the theatre is to be financially independent and therefore not granting the new long lease could have a detrimental impact on their future financial sustainability.
- 2.5 The remaining 42 years of the lease will continue to run, meaning that the Council would continue to receive the current ground rent of £650 per annum, and seek a premium for any other kind of redevelopment of the property at the relevant time.

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

No public consultation has been undertaken

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

- 4.1 Subject to the approval of the recommendations contained in this report, it is advised that the lease would be ready for signature within 4 weeks. CDP has already committed to proceed with the refurbishment works at risk, as the secured grant funding will only be released when the sub lease of 51 Corporation Street to the Belgrade has been granted.

- 4.2 Planning consent has been granted for the change of use and alterations to the building.
- 4.3 The project is funded through the Cultural Capital Investment Programme which needs to comply with strict external funding conditions that require the project to be completed no later than the 31<sup>st</sup> August 2021 (the project has just been in receipt of an extension)

## **5. Comments from the Director of Finance and the Director of Law and Governance**

### **5.1 Financial implications**

- 5.1.1 The new proposed lease will provide the Council with a £650 per annum ground rent for the revised lease period of 150 years. This is the same amount that is being paid under the current lease due to be surrendered under the proposal, therefore there is no loss of ground rent.
- 5.1.2 Independent valuers, Lambert Smith Hampton, have considered the capital value for the granting of a new 150 year lease under the proposed terms and advise that the Council should receive a premium payment of the sum of £141,250. The premium attributed to 49 Corporation Street is £11,365 with the remaining sum of £129,885 being in respect of No 51. This is the one-off value of the interest the Council is being asked to forgo to secure the benefits outlined in the report.
- 5.1.3 In return for forgoing this one off sum, it is proposed that a commensurate reduction (c£8k per year) to the annual Grant Aid funding is agreed with the Belgrade Theatre Trust, deferred until the new facility is operational and generating income. The Trust are currently in receipt of £567k per year in financial support from the City Council.
- 5.1.4 It is noted that the Trust have recently experienced financial difficulties as a direct result of the pandemic and enforced closures, such that they will be in a financial recovery situation in the short term. Service and finance officers will work with the Trust to ensure that by the time the Jaguar pub scheme is implemented and operational and the Trust's forward Business Plan approved (by March 2023), the exact timing and value of grant reduction takes account of their prevailing financial performance.
- 5.1.5 For the Council's financial year 2019/20 the property generated business rates payable of £11,648. The conversion of the premises to a wider use could lead to an increase in business rates.
- 5.1.6 Notwithstanding the fact that the Trust have had a difficult 12 months due to the pandemic, by supporting this model for the Belgrade Theatre to become more financially self-sufficient, this could have a further long-term financial benefit by potentially allowing the future reduction of annual revenue grant support provided.

### **5.2 Legal implications**

#### **Property**

- 5.2.1 The Council has the power to dispose of the land pursuant to Section 123 of the Local Government Act 1972. This section provides that the Council can dispose of the land in any manner it wishes, except it is not permitted to dispose of land at less than the best consideration that can reasonably be obtained without obtaining Secretary of State consent.
- 5.2.2 The Secretary of State has issued a General Consent for disposal of land at an undervalue 'The Local Government Act 1972: General Disposal Consent (England) 2003' which permits

the Council to dispose of land at less than the best consideration reasonably obtainable at an undervalue of up to £2M where it considers that the purpose for which the land is to be disposed is likely to contribute to the promotion or improvement of economic well-being, social well-being or environmental well-being in respect of the whole or any part of its area, or of all or any persons resident or present in its area.

- 5.2.3 The Council is being asked to agree the grant of a new lease at a premium less than the market value to facilitate the ability for CDP to grant a sub-lease to the Belgrade Trust. In order to protect the Council's position and ensuring that this is achieved, CDP will be obliged under the terms of their new long lease, to grant a sublease of Number 51 Corporation Street to the Belgrade for 150 years less 3 days.
- 5.2.4 For Unit 49 where there is a pre-existing sublease, the benefit of the new 150 year lease cannot be realised by the developer until that sublease ends in 42 years time. Ordinarily a premium payment should be made for this benefit as it applies to the unit, but the existence of the sublease means the developer cannot do anything with the property until the lease ends or unless they buy out the sub lease.
- 5.2.5 Due to this sublease the benefit of the extension to CDP is deferred by 42 years and so the value of the premium applicable to unit 49 is significantly lower because the valuation is reduced to account for the present value of this future sum. In other words, receiving £11,365 today is equivalent to receiving £290,000 in 42 years time.
- 5.2.6 In view of the social value and benefits described under the executive summary of this Report, Legal Services can confirm that the criteria in point 5.2.2 above are satisfied.

### **State Aid Implications**

- 5.2.7 Since 1 January 2021 the UK has followed the commitments on subsidy control set out in its Free Trade Agreements (FTAs) with the EU and other countries and the World Trade Organisation (WTO) rules on subsidies, as well as the relevant provisions relating to Northern Ireland contained in Article 10 of the Withdrawal Agreement with the EU. The Department for Business, Energy and Industrial Strategy have launched a consultation to seek views on the best way to design a subsidy control system that works for the UK economy, in the interim, granting authorities and recipients are still required to comply with their obligations on subsidy control despite a new regime not having been implemented as yet. These controls replace the State Aid Rules the UK was subject to whilst a member of the EU.
- 5.2.8 A disposal of land is capable of amounting to a subsidy. Legal Services will undertake a full subsidy control analysis prior to the agreements being entered into to ensure that any risks are properly mitigated.

## **6. Other implications**

### **6.1 How will this contribute to achievement of the Council Plan?**

Facilitating the conversion of the former public house to rehearsal and performance space along with visiting performer accommodation will help to realise the Council's ambitions for a more vibrant, economically prosperous and sustainable city centre.

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

The risks around the delivery of the development is mitigated by the positive lease obligations to grant the sub lease to the Belgrade; the fact that planning permission has been

granted; and that CDP is funding the works at risk until the sub lease is granted. All of these things provide a level of certainty around delivery before the grant of the new lease is entered into between the parties.

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

The impact to the organisation is limited to the loss of the premium for the grant of the new long lease interest.

### **6.4 Equality Impact Assessment (EIA)**

6.4.1 An Equality Impact Assessment has not been undertaken as the proposal concerns the granting of new long lease and no Council service or group will be impacted.

6.4.2 An equality impact assessment is a process designed to ensure that a policy project or service does not discriminate against any disadvantaged or vulnerable people. Section 149 of the Equality Act 2010 imposes an obligation on Local Authorities to carry out an equality impact assessment when the local authority is exercising a public function.

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

The Council's facilitation of the refurbishment of the property into upgraded commercial and modern residential accommodation will improve energy the efficiency of the building and result in an environmentally more efficient building.

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

The project will develop a ground-breaking 5G digital space where the Belgrade Theatre can create a safe space for at-risk young people to benefit from emerging technologies. It will integrate digital and physical interaction, providing young people with opportunities to meet and learn whilst forming a pipeline into employment opportunities. This fully flexible 'plug and play' space will be an exciting new performance, education and rehearsal facility that will improve the future sustainability of the Belgrade, providing additional engagement and rehearsal space and new income streams. The project will enable the Belgrade Theatre to engage with local, regional and global communities, educators and businesses.

**Report author(s):**

**Name and job title:**

**Simon Cooper, Development surveyor**

**Directorate:**

**Place Directorate**

**Tel and email contact:**

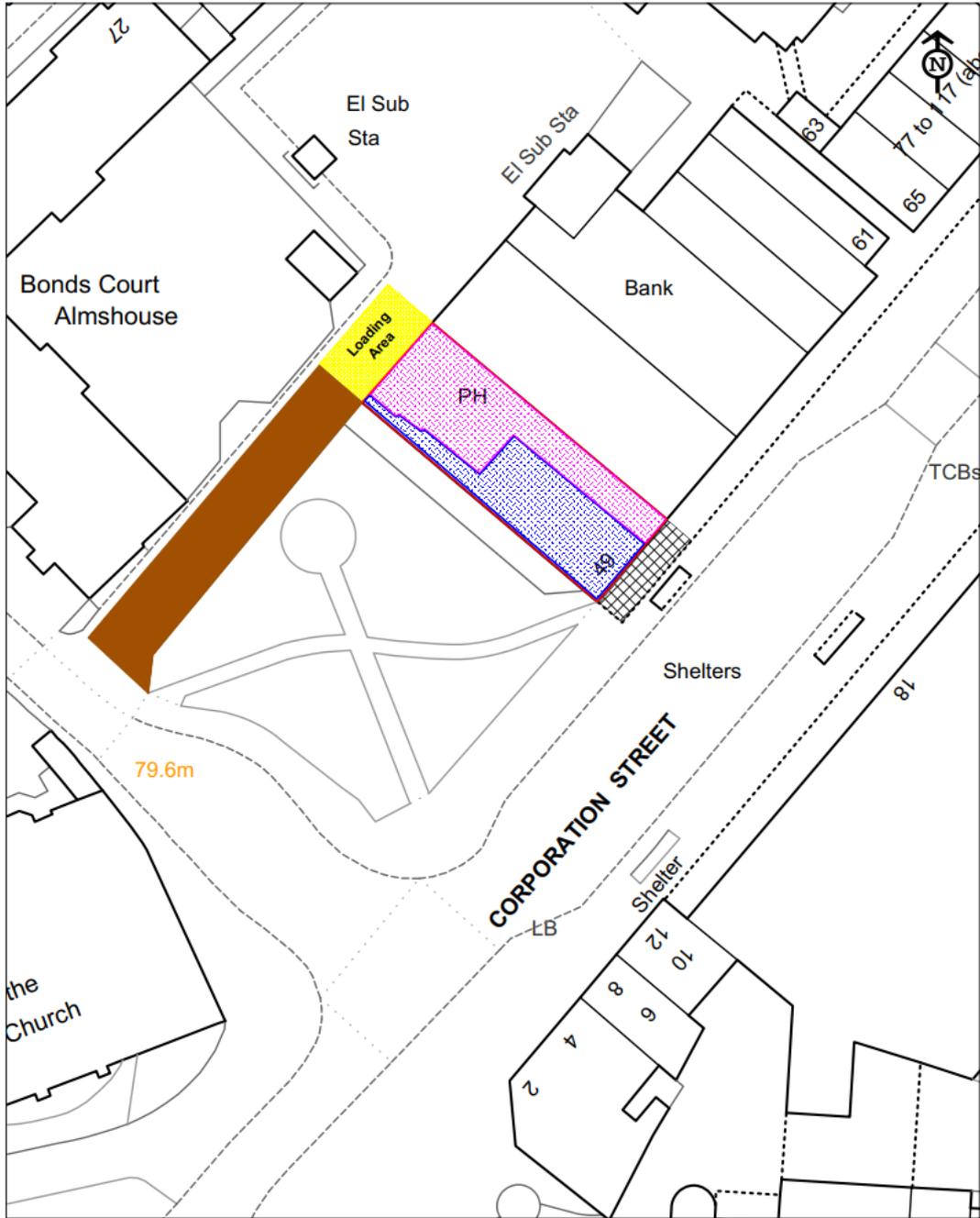
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Enquiries should be directed to the above person(s).

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Business and Culture: David Nuttall	Strategic Lead	01/07/2021	01/07/2021
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Property: Adam Hunt	Head of Development and Property	16/06/2021	
Director: Richard Moon	Director of property	23/06/2021	23/06/2021
Director: Andy Williams	Director Business, Investment & Culture	05/07/2021	05/07/2021
Members: Cllr Jim'O'Boyle	Cabinet Member for Jobs, Regeneration and Climate Change	05/07/2021	05/07/2021

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PLACE DIRECTORATE  
 PROJECT MANAGEMENT & PROPERTY SERVICES  
 FLOOR 7, ONE FRIARGATE  
 COVENTRY CV1 2GN  
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### 49 & 51 Corporation Street

Scale :1.500      Drawn by: LPL      Date:26/04/2021  
 O.S. Ref. No:3379 SW      LPR- 11 - 2021

Richard Moon Director, Project Management & Property Services

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Cabinet Member for Jobs, Regeneration and Climate Change

15<sup>th</sup> July 2021

**Name of Cabinet Member:**

Cabinet Member for Jobs, Regeneration and Climate Change – Cllr J O'Boyle

**Director Approving Submission of the report:**

Director of Transportation and Highways

**Ward(s) affected:**

St Michaels

**Title:**

Palmer Lane Regeneration

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**Is this a key decision?**

No

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**Executive Summary:**

Since 2019 the Council has transformed the city centre through a £44m programme of investment in the public realm. The impact of this work has been significant, attracting developers to invest in the city and preparing the city centre to become host of UK City of Culture 2021. This investment will be complemented by the next phase of the public realm improvements due to be completed later this year, using Coventry and Warwickshire Local Enterprise Partnership (CWLEP) Local Growth Deal grant and West Midlands Combined Authority funding.

Palmer Lane is a proposed regeneration scheme located within St Michaels Ward and within the City Centre boundaries, it is noted for being the point within the city that the River Sherbourne can be viewed. The regeneration scheme involves deculverting the River Sherbourne and hard and soft landscaping around the area to create a new city centre place for dwell time and supporting the establishment of a new business in the Illingworth building.

The scheme was approved in principle by Cabinet as part of the Public Realm Phase 5 report in March 2018. As a complement to the Public Realm 5 (PR5) works taking place in the city centre as a result of the approvals in that report, there is a need for an additional £950k to fund the regeneration of Palmer Lane and take advantage of external funding. This gap

funding of £0.95m has been identified from council corporate capital receipts. the delivery of the Palmer Lane scheme has a total cost of £1.659m.

**Recommendations:**

The Cabinet Member for Jobs, Regeneration and Climate Change is recommended to:

- (1) To approve the additional £950k to the capital programme to fund the overall estimated £1.6m scheme.
- (2) Delegate authority to the Director of Transportation and Highways to conclude negotiations and enter into legal agreements with various landowners for parcels of land to be acquired or leased by the Council and/or for licences to be entered into to enable works to be carried out and for agreements to be entered into and/or for leases to be granted by the Council to third parties over land in the Council's ownership in order for the scheme to be viable.
- (3) Note the exercise of the delegated authority to commence the procurement exercise to appoint a works contractor for the delivery of the infrastructure requirements of the project and to award the contract to the successful tenderer.
- (4) Delegate authority to the Director of Transportation and Highways following consultation with the Director of Law and Governance to approve grant expenditure to any such external body, third party or person as is deemed necessary for the delivery of the Palmer Lane project up to a maximum sum of £250,000.

**List of Appendices included:**

Concept design for the Palmer Lane project

**Background papers:**

Previous approval for the Palmer Lane project was given as part of the March 2018 Public Realm 5 Cabinet Report. 6<sup>th</sup> and 13<sup>th</sup> March 2018.

**Other useful documents**

None

**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 A series of transformational public realm improvements have been delivered as part of the Public Realm Phase 5 programme. These have been developed by mapping the main visitor attractions, likely venues for city of culture, arrival points like the railway station and car parks and completed public realm. The pipeline of schemes has been developed to ensure the links between venues, attractions and arrival points are seamless, high quality, greener and more accessible. The schemes have delivered enhancements to key strategic parts of the city and also enhance the setting of the key events venues and visitor attractions. As part of the PR5 Cabinet Report March 2018 Palmer Lane was identified as a key project to develop in line with a funding contribution towards a Heritage Lottery Funded scheme to de-culvert the River Sherbourne in Palmer Lane, as part of the wider improvements to the Burges area. Design has developed through the PR5 programme. The March 2018 Cabinet report also gave delegated authority to the Deputy Chief Executive (now the Chief Executive) in consultation with the Cabinet Members for City Services and Jobs and Regeneration and the S151 Officer to agree the detailed works
- 1.2 External resources are included in the current programme at a value of £709k. However, the scheme that has now been developed to take advantage of this funding is more costly than the resources available, estimated at £1.659m. At this late stage in the programme, it is not possible to divert resources from other projects, such that if additional resources cannot be identified, much of the external funding resource would be lost and the scheme could not progress.
- 1.3 In order to maximise the external funding, the report seeks approval to progress with the full cost scheme with an allocation from corporate capital receipts to bridge the financial gap.
- 1.4 The Palmer Lane regeneration aims to turn a part of the city centre into a visitor experience, deculverting the Sherbourne, supporting the repurposing of the Illingworth building and creating a new public space to spend time near the river. The project will include extensive landscaping, enhanced lighting and sustainability improvements to the area. It ties in with the works which have recently taken place on the Burges. Concept designs can be seen in the appendice.

## 2. Options considered and recommended proposal

- 2.1 Option 1 – Agree to use £950k of the Council's own corporate capital receipts and continue with the delivery of the scheme building upon the shovel ready design in place and capitalising on the match funding opportunity
- 2.2 Option 2 – Leave the project design 'on the shelf' and seek future external funding, meaning the Council misses the opportunity of match funding arising from the Historic Coventry Trust regeneration of the Burges.
- 2.3 It is recommended that the Council proceeds with Option 1.

## 3. Results of consultation undertaken

- 3.1 The project team have engaged with Historic Coventry Trust (HCT) and affected businesses and landowners in order to gauge the appetite for regeneration of the space. This has been successful and there is verbal support for repurposing the space, opening-up the river and driving-out anti-social behaviours.

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

- 4.1 Following a decision by the Cabinet Member for Jobs, Regeneration and Climate Change we are able to proceed quickly to detailed design and use reasonable endeavours to secure the necessary legal documentation with the landowners to facilitate the construction phase with the project aiming to be a live site early 2022.

#### **5. Comments from Director of Finance and Director of Law and Governance**

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

Existing resources within the programme are as follows:

- |                                 |             |
|---------------------------------|-------------|
| • S106                          | £205k       |
| • HCT Grant                     | £379k       |
| • CWLEP                         | £50k        |
| • S106 Biodiversity offset fund | £75k (SUDS) |
| • Total                         | £709k       |

The scheme as designed has an estimated cost of £1.659m, a gap of £0.95m

- The report seeks approval to progress with the scheme, allocating £950k from corporate capital receipts to bridge the funding gap.. The Palmer Lane de-culverting project was previously approved in principle by members in March 2018, forming part of the draft scheme list approved by Cabinet.
- Subject to approval by the Cabinet Member for Jobs, Regeneration and Climate Change, approval will be sought to add the additional resources to the Councils approved capital programme as part of the next quarterly capital monitoring report for 2021/22

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

- 5.2.1 The Council has the power to enter into the arrangements within this report pursuant to its power contained within section 1 of the Localism Act 2011 (“General Power of Competence”)
- 5.2.2 All services and works contracts required for the delivery of the project, will be entered into following the conclusion of a compliant procurement processes in accordance with the Public Contract Regulations 2015 (where applicable), the Council’s constitution and the Council’s Rules for Contracts.
- 5.2.3 All grant agreements necessary to deliver this project will need to be compliant with the Subsidy Control Regulations (to prevent distortion to the market) and the Council’s constitution.
- 5.2.4 All land transactions (leases/ licences/ transfers) will need to be entered into in compliance with the Council’s constitution and the Council’s fiduciary duty to achieve best value.

## **6. Other implications**

Any other specific 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 Public Realm Phase 5 programme will indirectly or directly provide jobs across the city and sub-region. The Economic Growth and Property Strategy specifically acknowledges the importance of infrastructure to help create growth and connect people to jobs.

6.1.2 The schemes also support the City Centre Area Action Plan and Local Plan, which identifies the importance of public realm and these key areas for development.

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

6.2.1 In order for this project to be delivered, landowners are required to enter into legal agreements to provide the Council with the use of areas of land adjoining the River Sherbourne. Progress to agree the terms and legal documentation has been difficult and the Council have given a deadline to one of the landowners by which the legal documentation is required to be completed.

6.2.2 There is a robust governance structure in place for the public realm programme whereby risks are managed by project team level and reported to project board. Regular risk workshops are undertaken on all projects to ensure active monitoring and management.

6.2.3 The maximum budget available for the scheme is as stated in the report. Although the design of the scheme is considered deliverable within this, there is a risk that prices tendered could exceed the budget available. In these circumstances, the scheme would be value engineered and/or re-scoped in conjunction with cabinet member to deliver on an affordable basis.

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

None

### **6.4 Equality Impact Assessment (EIA)**

6.4.1 The Palmer Lane project will undertake an Equality Impact Assessment as part of project development and impact. The public realm proposals will make movement around the city centre easier for everyone. Discussions with the Access Groups and representative organisations are underway and will continue through scheme development, to ensure that the design of all schemes to be developed properly reflects access needs.

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

6.5.1 The project will have a positive impact on the environment in the city centre. More green spaces will be introduced into the city centre. The Palmer Lane de-culverting scheme will create an open water-course in the city centre, water-courses in urban locations have been linked to public health benefits.

## 6.6 Implications for partner organisations?

6.6.1 The Council will need to work with the Environment Agency as part of the Palmer Lane de-culverting work.

### Report author(s):

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Other members				
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Director: Colin Knight			1/7/2021	5/7/2021
Members: Cllr J O'Boyle	Cabinet Member for Jobs, Regeneration and Climate Change			5/7/2021

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### Appendices

A photograph of a narrow alleyway between brick buildings. In the foreground, there is a set of stone steps leading up, flanked by a black metal railing. The ground is paved with cobblestones. In the background, a modern brick building with large windows is visible. The text "PALMER LANE" is overlaid in white on a dark rectangular background in the center of the image.

# PALMER LANE



# Concept Design



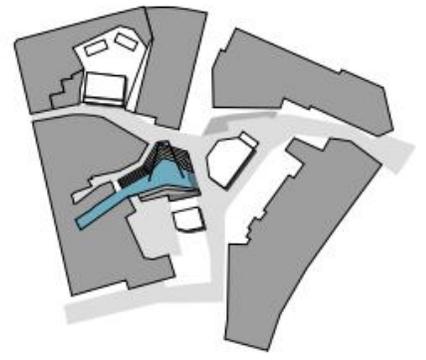
An architectural rendering of a modern outdoor space. In the foreground, a woman with dark hair and sunglasses sits on a curved, rust-colored metal ledge, feeding a grey duck. The ledge is part of a paved walkway. To the right, a narrow stream flows through a landscaped area with tall grasses and trees. In the background, a modern building with large windows and a brick facade is visible, with the text 'PALMER CO' in red on its side. String lights are strung across the scene, and another person is sitting on a wooden bench in the distance.

# Concept Design

Concept  
Design



# SOUTHERN RIVER EDGE



# Palmer Lane

- Approval needed to:
- Agree £950k from corporate funding
- Agree the opportunity as we have support of £709k other funding (HCT / S106 / S111 / Growth Fund) which would be lost



Funding	
Growth Fund	£50,000.00
HCT	£379,000.00
S106	£130,000.00
S106 – Biodiversity Fund	£75,000.00
S111	£75,000.00
Corporate Funding – to be agreed	£950,000.00
<b>Total Funding</b>	<b>£1,609,000.00</b>