
A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it refers to the identity, financial and business affairs of an organisation and the amount of expenditure proposed to be incurred by the Council under a particular contract for the supply of goods or services.

Cabinet
Council

9th July 2013
23rd July 2013

Name of Cabinet Member:

Cabinet Member (Business, Enterprise and Employment) – Councillor Kelly

Director Approving Submission of the report:

Director of City Services & Development

Ward(s) affected:

Radford

Title:

Freehold Disposal of the former Central Depot Foleshill to Barratts PLC

Is this a key decision?

Yes

The proposal in the report will result in financial implications exceeding £500k.

Executive Summary:

The Council owned site is approximately 7.45 acres (3.0 hectares) and is shown edged red on the plan annexed to this report ("the Site"). A residential development upon the Site is proposed by Barratts PLC. The Site was previously used as a depot by the Council's then City Engineers Department and was subsequently demolished and cleared in 2002.

An Outline Planning Application was submitted and approved by planning committee for up to 143 dwellings under planning ref OUT/2012/1834 on the 13th December 2012.

Following approval, the Site was marketed for residential development by tender with 66 requests for a tender pack and the following bids were received:-

Helical Retail Ltd *
Barratts & David Wilson Homes PLC
Keepmoat

The submission by Helical Retail Ltd was non-compliant as the proposal was for a supermarket, which could not be supported by the Planning Department in policy terms. The submission by Keepmoat, on further analysis of the bid omitted the required education contribution and the base land value was revised downwards.

The Barratts offer for the Site has been approved by the Councils Valuation Panel as representing "Best Value" and therefore satisfying the Council's legal requirement to achieve the best price reasonably obtainable in accordance with the provisions of Section 123 of the Local Government Act 1972.

Recommendations:

Cabinet are requested to recommend that Council :

1. Authorise the disposal of the Site to Barratts.
2. Delegate to the Assistant Director of City Centre and City Development Services in consultation with the Cabinet Member for City Development, any subsequent variation in terms.
3. Delegate to officers within Finance and Legal Services Directorate to complete the necessary legal documentation and collect the agreed consideration

Council are recommended to approve 1 to 3 above.

List of Appendices included:

Site Plan

Background papers:

None

Other useful papers:

Planning Application Reference Number OUT/2012/1834 –report to Planning Committee on 13th December 2012

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?

Yes – 23rd July 2013

Report title:

1. Context (or background)

- 1.1 The Site is located to the north of Coventry City Centre, a short distance from junction 1 on the ring road, bordered to the east by Foleshill Road, the west Coventry Canal and the north by a former petrol filling station and car showroom. The site area is 7.45 acres (3.0 hectares).
- 1.2 The Site was previously used by the Councils Engineers Department however due to the previous uses; it has resulted in the Site being heavily contaminated. In 2002 after approximately 35 years of operation the Site ceased to be used for operational purposes was closed, demolished and cleared.
- 1.3 The Site forms an important gateway to the City Centre, in addition it sits opposite the award winning Electric Wharf development, and is subject to a planning consent granted in 2012 which sets a framework for the site to be developed into a sustainable community where people will live, work and relax in a high quality environment formed by distinctive streets and public spaces surrounded by well-designed contemporary architecture.
- 1.4 The Outline Planning Application was submitted for up to 143 residential dwellings, a mixture of houses and flats. The application was approved at planning committee on the 13th December 2012. Planning reference OUT/2012/1834
- 1.5 Following planning approval the Site was subsequently marketed and 66 tender packs were requested from interested parties. The following bids were submitted:-

Helical Retail Ltd *
Barratts & David Wilson Homes PLC
Keepmoat

1.6 Helical Retail Ltd

Whilst the Helical Retail Ltd submission offers the highest tender bid, the proposal for the development of a supermarket on the former Central Depot site could not be supported by the planning department. The site is situated outside the Primary Shopping Area (PSA) and the southern tip of the depot is at least 600m from the PSA meaning that it cannot be considered edge of centre within the National Planning Policy Framework (NPPF) definition. It is also contrary to the Councils shopping strategy as defined in the Coventry Development Plan 2001 (CDP 2001).

1.7 Keepmoat

The tender submission proposed 116 units comprising of 115 houses and one flat. On analysis of the submission, it was apparent that the education contribution had been omitted. Keepmoat reappraised the submission bid however the base land value was reduced. In order to try and achieve the previously tendered value, further incentives such as shared equity retention and possible future construction savings were offered however there was no certainty that these could be realised and the revised price was still lower than the Barratts submission.

1.8 **Barratts**

Barratts submitted a bid in line with the approved planning permission for 143 dwellings comprising of 107 private & 36 affordable units, which is split into a mixture of flats (86 units) & houses (57 units). As per the planning approval, 25% of the dwellings have been set aside for affordable housing. As part of the socially rented allocation of units, Barratts will be providing strategically important family dwellings of which there will be 5 X 3bed units and 2 X 6 bed units. The 2 X 6 bed units, which will be able to accommodate up to 12 persons each are required as there is a pressing need for larger houses as identified in the Councils Housing & Homelessness Strategy.

1.9 The Barratts offer is subject to obtaining planning reserved matters approval. If the Barratts offer is approved by Cabinet, the reserved matters planning application will be submitted.

1.10 The offer has been approved by the Council's Valuation Panel as representing "Best Value" being the best price reasonably obtainable under the requirements set out in S123 of the Local Government Act 1972.

1.11 The on-going economic uncertainty must be taken into consideration and the continued effects on the property sector with regard to residential development. There are tentative signs of improvement in the economy however there are still underlying problems to the recovery of the housing market, which is proving difficult for first time buyers to secure a mortgage.

2. **Options considered and recommended proposal**

2.1 Accept the offer – The offer has been recommended as representing "Best Value" reasonably obtainable in accordance with the provisions under S123 of the Local Government Act 1972 and approved by the Council's valuation panel. The offer is a net figure and any abnormal or S106 costs have already been accounted for.

The development will see the remediation of a contaminated brown field site and if Barratts purchase the Council's interest, the obligation to remediate will be passed to the purchaser as a development obligation.

The design proposals to be submitted are based on a similar Barratts scheme in Leicester, which won a CBE design award. The design of the dwellings will complement the Electric Wharf development opposite and will finally see the long awaited regeneration of this Site.

The receipt will contribute towards corporate resources and it is expected that the capital receipt will be completed by the end of the financial year.

2.2 Decline the offer- The offer could be declined and the site could be remarketed however failure to accept an offer that has been recommended as best consideration would see the loss of a potential capital receipt to the Council. In addition, failure to agree to the disposal will see the loss of the opportunity to remediate a heavily contaminated site, loss of affordable housing and the benefits of regeneration.

2.3 Remarket Site - The Site could be reintroduced to the market at a later date but any delay would see the loss of the capital receipt, which is expected for this financial year 2013/2014. There would be further uncertainty on the future timing of when to bring the Site back to the market as interest in the site resulted in 66 requests for tender packs

but only 3 tenders submitted mainly due to the complications associated with the contamination.

2.4 Accept the Helical Retail Ltd offer- this offer was made on a subject to planning basis, accordingly any receipt is dependent upon planning consent being granted for the foodstore. As planning colleagues could not support such a proposal it is considered most unlikely that this proposal would ever have resulted in a capital receipt. For this reason the offer has been rejected.

2.5 The recommendation is to accept the Barratts offer as per paragraph 2.1.

3. Results of consultation undertaken

3.1 As part of the outline planning application, consultation would have been undertaken and neighbouring occupiers were informed of the proposals for the Site.

3.2 It will be expected that Barratts will undertake further consultation with stakeholders as part of the reserved matters application to discuss and inform about the development proposals.

4. Timetable for implementing this decision

4.1 Providing Cabinet approval is granted, Barratts will submit the reserved matters planning application. It is expected that the reserved matters application will be approved within this financial year and the completion and the delivery of the capital receipt is subject to this approval.

5. Comments from Director of Finance and Legal Services

5.1 Financial implications

The receipt will contribute towards corporate resources and it is expected that the disposal will be completed within this financial year.

5.2 Legal implications

The consideration represents best value reasonably obtainable by the Council upon the disposal of its land, as verified by the Valuation Office and the Councils valuation panel. This meets the Councils requirements to obtain best value reasonably obtained under the requirements in Section 123 Local Government Act 1972.

Officers within Finance and Legal Services Directorate will prepare and complete the necessary legal document in respect of the freehold disposal to Barratts and will collect the agreed purchase price.

6. Other implications

Property Implications

The proposed transaction will contribute towards the corporate financial target as mentioned in paragraph 5.1 above.

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

The capital receipt will contribute towards corporate resources and housing targets

6.2 How is risk being managed?

The risks have been identified in paragraph 2.2, with the loss of the capital receipt, housing (private & affordable) and the remediation of the Site.

6.3 What is the impact on the organisation?

The impact to the organisation will be minimal however it will generate additional work for officers within Finance & Legal Services Directorates in processing the freehold transfer to Barratts.

6.4 Equalities / EIA

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.

An equality impact assessment has not been undertaken by officers as the proposal set out in this report relates to the granting of or the creation of a legal interest in the land and does not constitute a change in service delivery policy or the exercise of a public function.

6.5 Implications for (or impact on) the environment

The impact will be positive by re-using a heavily contaminated brown field site for residential development with all the dwellings being constructed to a minimum Code for Sustainable Homes Level 3.

6.6 Implications for partner organisations?

There are no implications for any partner organisations.

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Appendices