
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 Member for Business, Enterprise and Employment

1 December 2014

Name of Cabinet Member for Business, Enterprise and Employment – Councillor Maton

Director Approving Submission of the report:
Executive Director of Place

Ward(s) affected: Westwood

Title: Land & Premises at Shultern Lane Cannon Park

Is this a key decision?

No

Executive Summary:

The Council is the freeholder of land and premises at Shultern Lane Cannon Park Coventry as shown edged red on the attached plan (the Premises). The Council granted a 125 year lease from 1989 to High Cross Garage (Balsall) Ltd for use as a car showroom. The lease was granted at a peppercorn rent without provision for review. The Tenant at the premises currently trades as "Sutton Park Renault" dealership (the Tenant).

The Tenant wishes to surrender the existing lease and be granted a new 125 year lease at a market rent with provision for upward rent reviews on each fifth anniversary of the term to enable the Premises to be redeveloped for a supermarket.

The Tenant in turn wants the ability under the terms of the new 125 year lease to sub-let the whole of the site to a retail user for a period of 20 years.

This will enable the Council to obtain an annual income (subject to upward only rent review) whereas under the existing lease arrangement the Council is not receiving any income.

It is believed that "Sutton Park Renault" is searching for alternative showroom premises and that the Aldi proposal would create 45-50 jobs if planning permission secured and development implemented. A planning application has been submitted for the redevelopment of the Premises.

A planning application has been submitted for the redevelopment of the Premises.

The decision in relation to this report will have no bearing on the planning decision

Recommendations:

1. Subject to the grant of planning permission, approve the surrender of the existing 125 year lease to High Cross Garage (Balsall) Ltd to the Council and;
2. Approve the grant of a new 125 year lease to High Cross Garage (Balsall) Ltd with the ability within the terms of the new lease to sub-let the whole of the Premises,
3. Delegate authority to Executive Director of Resources (Legal Services) to effect the surrender of the existing lease and immediately complete the new 125 year lease upon the terms set out in this report.

List of Appendices included:

Appendix 1 – Site Plan

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?

Planning Committee

Will this report go to Council?

No

1. Context (or background)

- 1.1 The existing 125 year lease was granted in January 1989 for the construction of a car showroom as part of the Tenant's business,
- 1.2 The existing lease was granted for a premium and a peppercorn rent throughout the term of the lease,
- 1.3 The Tenant now wishes to redevelop the Premises for a supermarket and surrender the existing leasehold interest and for the Council to immediately thereafter grant a new 125 year lease at an market rent (reviewable on each fifth anniversary) with the ability to sub-let the whole of the Premises initially to a retail user.

2. Options considered and recommended proposal

- 2.1 The recommended option is to agree to the proposal, which involves the surrender of the existing lease and the grant of a new 125 year lease to High Cross Garage (Balsall) Ltd,
- 2.2 A second option would be to do nothing and allowing the existing situation to continue with the Council continuing not to receive any income from the Premises for the remainder of the existing lease,
- 2.3 It is recommended that the Council agrees to the Tenant's proposal and accepts a surrender of the existing lease and immediately grants a new 125 year head lease at a market rent (reviewable every 5 years) with the ability to grant a sub-lease of the whole to a retail user.

3. Results of consultation undertaken

- 3.1 The proposed occupier undertook community consultation on the proposed redevelopment prior to submitting a planning application for the redevelopment of the site,

4. Timetable for implementing this decision

- 4.1 Providing that Cabinet Member approval is secured it is expected that the surrender will be effected and the new 125 year lease completed within the next few months once planning permission is granted.

5. Comments from Executive Director of Resources

5.1 Financial implication

Approval of the recommendations in this report to grant a new 125 year lease will result in an additional income stream to the Council of £20k per annum, subject to upward only rent reviews every 5 years.

5.2 Legal implications

The surrender of the existing lease and the grant of the new 125 year lease in respect of the Premises represents the best value reasonably obtainable by the Council as verified by

the Council's Valuation Panel. This satisfies the Council's requirements to obtain best value under Section 123 of the Local Government Act 1972.

The Executive Director of Resources (officers within Legal Services) will complete the legal documentation in connection with the surrender of the existing lease and the grant of the new 125 year lease in accordance with appropriate procedures.

6. Other implications

6.1 The redevelopment of the site will be subject to the Council's planning policies.

The site lies within the Cannon Park Retail Centre designated within the Council's plans.

6.2 How is risk being managed?

The key risk is the grant of planning permission for the proposed redevelopment. The proposal will only be successful if planning permission is granted. A planning application has been submitted.

6.3 What is the impact on the organisation?

There is no significant impact on the organisation arising from this proposal. There will be a revenue resource and asset value created where previously there was none. Work will be generated for offices within Resources Directorate (Legal Services) in respect of the preparation and completion of the legal documentation

6.4 Equalities / EIA

This is a property transaction and an Equalities Impact Assessment is not required.

6.5 Implications for (or impact on) the environment

Environmental impacts will be assessed through the planning process and appropriate mitigation sought.

6.6 Implications for partner organisations?

There are no impacts for partner organisations.

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Appendices

Site Plan