

---

**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

24 August 2015

**Name of Cabinet Member:**

Business, Enterprise & Employment – Councillor Kevin Maton

**Director Approving Submission of the report:**

Executive Director of Place

**Ward(s) affected:**

St Michaels

**Title:**

Land Disposal London Road

---

**Is this a key decision?**

No

---

**Executive Summary:**

In partnership with the Homes and Community Agency (HCA) a development site was assembled in Coventry, on the corner of London Road, junction 4 of the Ring Road and Paradise Street.

The site extends to approximately 0.97 acres which is owned 0.66 acres (68.04 %) by the HCA and 0.31 acres (31.96%) by the Council.

Commercial property agents Lambert Smith Hampton were selected by the joint land owners to market the site. Originally marketed in 2013 resulting in offers which were considered not acceptable, the site was remarketed in 2014 producing much stronger financial offers.

Owners of the adjoining Elite AXO Student housing development produced the highest tender bid for the site. This report is seeking approval to the dispose of the Councils land simultaneously

with the HCA land, which would see the development of 408 student flats across the whole site and a prominent development at an important gateway site to the City Centre.

**Recommendations:**

Cabinet Member for Business, Enterprise and Employment is asked to:

- 1) Approve the disposal of the Councils freehold interest in the land in accordance with the terms contained in the private report on your agenda.
- 2) Delegate authority to the Assistant Director for City Centre and Development Services, Executive Director Resources and Assistant Director for Legal and Democratic services as appropriate following consultation with Cabinet Member (Business, Enterprise & Employment) to agree any variations or new requirements that are deemed necessary to give effect to the proposals.
- 3) Delegate authority to the Executive Director of Resources and Assistant Director for Legal and Democratic to complete the necessary legal documentation in this matter and collect the agreed consideration.

**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?**

*No*

**Will this report go to Council?**

*No*

## 1. Context (or background)

- 1.1 The Council own land on the London Road area and have been working in partnership with HCA for several years to promote development in Coventry. An opportunity arose for the HCA (formally Advantage West Midlands) to acquire two parcels of land adjoining an existing Council property with the purpose of combining the land to facilitate development.
- 1.2 The site currently comprises a number of old industrial buildings and a yard which is occupied by a company selling tiles to the trade along with a cleared site which over recent years has been let for temporary private surface car parking. The Tile Warehouse's lease is due to expire in September 2016.
- 1.3 Development options for the site were assessed by the land owners, leading to the selection of commercial property agents Lambert Smith Hampton to act on behalf of the joint owners. Initially they marketed the site in 2013 which resulted in offers being received which were ultimately rejected as not providing the land owners with an acceptable level of financial return. The site was remarketed in 2015 which produced three parties, Coventry University, Elite AXO Student housing and construction company Balfour Beatty, all who submitted strong bids each for the development of student housing.

## 2. Options considered and recommended proposal

- 2.1 Within the development site the Council owns the land which is used as the yard by the Tile Warehouse. This extends to approximately 0.31 acres which equates to 31.96 % of the overall site being offered for sale and outlined in yellow on the attached plan.
- 2.2 Three development bids were received which were at very similar financial levels, so best and final offers were sought from the parties. Ultimately Elite AXO Student Housing's parent company who owns an existing student housing development in Paradise Street, adjacent to the subject sites offer was accepted. This has been validated by Lambert Smith Hampton as considered the 'best' offer.
- 2.3 It has been agreed between the land owners that because the whole site is required to deliver the complete scheme, the equitable approach regarding the capital receipt is to divide it between the land owners based on the percentage of land held.
- 2.4 Bids were assessed based not only on the financial strength of the offer but also the deliverability of the proposal and the design of the scheme.
- 2.5 As part of the due diligence process the proposed purchaser has considered the legal title of the site. They have also held pre application discussions with the Council acting as planning authority and are keen to proceed with the purchase.
- 2.6 Capitol Tiles, trading as The Tile Warehouse, currently occupies the industrial buildings (from HCA) and adjacent yard (from the Council) under two coterminous leases which are due to expire in September 2016. The tenant is aware of the proposed development

scheme and informally understands that they will not be offered a new lease by the proposed purchaser who will take the site subject to the existing leases.

2.7 The Council currently receives a rental income from the yard occupied by Capitol Tiles. The impact of the loss of the income considered against the receipt of the capital is outlined in the financial section of the private report.

2.8 The Homes and Community Agency have already obtained approval to the terms of the disposal.

## **2.9 Options**

2.10 The Council could retain ownership of the site and take the income in the short term however with the age and condition of the adjoining buildings the potential to improve the income is limited.

2.11 If the land was retained in its current form, an opportunity to deliver significant investment in the physical fabric of the city at this key gateway would be lost, in addition to the capital receipt.

2.12 Having cranes on the city's skyline and new buildings being constructed, shows a confidence in Coventry as a location and helps to attract future further investment to the city.

## **2.13 Recommendation**

2.14 It is recommended that approval is given to progress with the disposal of the site on London Road in conjunction with the Homes and Community Agency, subject to securing a commitment to develop from the purchaser.

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

3.1 No public consultation has taken place around the proposed disposal of land however the proposed scheme has been presented to the public for comment ahead of a planning application. A further opportunity for the public to comment on the development will be available when the planning application is submitted.

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

4.1 If the recommendation to proceed to dispose of the land is adopted then it is anticipated the purchaser would look to exchange contracts and complete within a month as they are keen to submit their planning application and commence preparatory works on the vacant part of the site.

## **5. Comments from Executive Director of Resources**

### **5.1 Financial implications**

The capital receipt will be used to repay debt outstanding to generate a revenue benefit This revenue benefit (if approved) is within the plan to achieve the strategic property review.

### **5.2 Legal implications**

The consideration represents best value reasonably obtainable by the Council upon disposal of its land as verified by Lambert Smith Hampton and the Councils valuation panel. This meets the Councils requirement 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 freehold disposal in accordance with appropriate procedures and will collect the agreed consideration upon completion of the disposal.

## **6. Other implications**

*Any other specific implications*

### **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 land transfer would bring development to a key location at the junction of London road and the ring road. The scheme is linked to providing living accommodation to the students of Coventry University thus encouraging a creative, active and vibrant city which will also indirectly assist with producing a more prosperous Coventry by providing the skills and knowledge for businesses in the area. The construction of new facilities can be seen as making Coventry a more attractive and enjoyable place to be.

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

The key risk is that the Council cannot deduce a good title to the land. If issues arise then legal colleagues would seek to resolve these. If still unable to satisfy the purchaser they would have to take a view if they wished to proceed with the purchase.

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

The impact to the organisation is set out in the financial section of this report but the conclusion being that the land transfers improves the Council's overall financial position.

### **6.4 Equalities / EIA**

The report's recommendations relate to the transfer of land and do not affect the Councils policy, provision of any services or its statutory functions. As such it is not required to undertake an Equality Impact Assessment as part of the Public Sector Equality Duty outlined in the Equality Act 2010.

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

The transfer of the land will facilitate the potential development of new and significantly improved structures on the land which due to the building regulations will provide better thermally efficient buildings

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

*None*

**Report author(s):**

**Name and job title: Paul Beesley Team Leader Property Development**

**Directorate: Place**

**Tel and email contact:**

Enquiries should be directed to the above person.

<b>Contributor/approver name</b>	<b>Title</b>	<b>Directorate or organisation</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Suzanne Bennett	Governance Services Officer	Resources	31/7/15	31/7/15
Richard Moon	Senior Development Executive	Place	31/7/15	4/8/15
Nigel Clews	Assistant Director Property Asset Management	Place	31/7/15	3/8/15
<b>Names of approvers for submission: (officers and members)</b>				
Finance: Mark Williams	Lead Accountant	Resources	31/7/18	3/8/15
Legal: Claire Kahrman	Senior Legal Executive	Resources	4/8/15	4/8/15
Director: Martin Yardley	Director	Place		
Members: Councillor Kevin Maton	Cabinet Member for Business, Enterprise & Employment		10/8/15	10/8/15

This report is published on the council's website:  
[www.coventry.gov.uk/meetings](http://www.coventry.gov.uk/meetings)