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**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

19 October 2015

**Name of Cabinet Member:**

Cabinet Member for Business, Enterprise & Employment – Councillor K Maton

**Director Approving Submission of the report:**

Executive Director of Place

**Ward(s) affected:**

St Michaels

**Title:**

Long Leasehold: Land Disposal at Hales Street Coventry

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**Is this a key decision?**

No

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**Executive Summary:**

Following the successful redevelopment of the Coventry Transport Museum, the restoration of the Grammar School and the public realm improvements under way to Corporation Street and Whittle Arch a further opportunity has arisen to enhance the physical environment by the development of the vacant 'Millennium View' site opposite the motor museum.

Complex Development Projects (CDP) has made a formal offer, subject to planning permission, to acquire the "Millennium View" site on Hales street, currently the site of a temporary pocket park and site compound. CDP are proposing to develop the site for a mixed retail, bar and student housing scheme and are seeking to acquire a long leasehold interest in the site subject to the grant of a satisfactory planning permission.

**Recommendations:**

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

- 1) Approve the grant of a 150 year leasehold interest in the land at Hales Street to Complex Development Projects subject to satisfactory planning consent being granted for the proposed redevelopment. The level of consideration for is identified in the private part of your report.
- 2) Delegate authority to the Executive Director Place and the, Executive Director Resources as appropriate following consultation with Cabinet Member for 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, Resources (Legal Services) to complete the necessary legal documentation in this matter and collect the agreed consideration.

**List of Appendices included:**

Appendix 1 - site plan

Appendix 2 – development proposals

**Other useful background papers:**

Cabinet Report 23<sup>rd</sup> July 2002

Cabinet Report 7<sup>th</sup> Dec 2004

Cabinet Member 18<sup>th</sup> Feb 2010

**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*

**Report title:** Long Leasehold: Land Disposal at Hales Street Coventry

**1. Context (or background)**

- 1.1 The “Millennium View” site on Hales Street was the subject of a number of failed redevelopment proposals between 2002 and 2010.
- 1.2 Complex Development Projects (CDP) were successfully appointed development partner of this site in 2002 following an open marketing and tender exercise. The initial scheme comprised 29,000 sqft of restaurants and bars over 3 floors with 63 residential apartments above and a basement car park. On the strength of this CDP acquired the site of the adjoining Illingworth building to enable a more comprehensive redevelopment of the site. They continue to hold this additional site, although the development proved unviable and the scheme did not proceed and the site was remarketed.
- 1.3 The 2005 re-marketing produced a short-list of 3 developers from which Richardson Cordwell were selected as the “preferred developer” in August 2006. Again the developer was unable to deliver an acceptable scheme.
- 1.4 Finally in 2010 the then, Cabinet Member for City Development, approved the temporary landscaping of the site to create a pocket park with the intention that “it will be re-marketed for a mixed-use development in the future when market conditions and developer confidence have recovered”.

**2. Options considered and recommended proposal**

- 2.1 The creation of the Millennium View pocket park was always intended to be a short term measure to allow the development market to return so as to ensure the site could be developed in such a way as to enhance the surrounding area. Accordingly any decision to dispose now would be consistent with the decision taken in 2010.
- 2.2 CDP have offer for the long leasehold interest in the site on a “subject to planning basis” is dealt within your private report. This offer reflects the detailed work undertaken by CDP in determining ground conditions and other development constraints and is a net offer exclusive of any planning obligation (section 106) payments or other planning conditions. In order to minimise any reductions arising from such conditions the developer has held pre-application discussions with planning officers.
- 2.3 Appendix A shows the site outlined in red and the proposed building footprint indicating the ground floor retail units (shaded purple) along with the access and ground floor space complementing the student residential accommodation above. The 0.44 acre sites shape (long and thin with a sewer running through the middle) and its location opposite the transport museum and within the Lady Herbert’s Garden and Burges Conservation Area provides a number of design and development challenges.
- 2.4 The offer made by CDP was unsolicited and therefore the site has not been exposed to the wider market. However commercial property agents Bromwich Hardy, who are advising the Council have confirmed that the proposed purchase price reflects ‘market value’ and could be considered ‘best consideration’ for the disposal of the Council’s land in the absence of an open marketing exercise.

- 2.5 By dealing with CDP the Council will also secure that the Illingworth building will be redeveloped as part of the proposals. This will allow a wider redevelopment and better scheme to be delivered than if the site was otherwise marketed. Appendix A also shows how the proposed development proposals tabled by CDP are complementary to the proposals that are being pursuing for the Burges Townscape Heritage Initiative (THI) area by The Coventry Heritage Trust and reported elsewhere on your agenda
- 2.6 Whilst this proposal is not linked to the Coventry Heritage Trust THI proposal, the proposal by CDP to acquire the Hales Street site having a comprehensive approach to this development will allow for a more comprehensive approach to the overall improvement of the area.

## **2.7 Options**

- 2.8 The Council could retain ownership of the site in the expectation that the site will increase in value in future years however this would frustrate the opportunity of securing a development now and continuing the significant improvements in this area of the city centre.
- 2.9 Alternatively the Council could advertise the site and open the opportunity to the open market. This could prejudice the opportunity to secure a wider development to include the Illingworth building.

## **2.10 Recommendation**

- 2.11 In view of the comments made above and noting the fact that the offer made has been certified as offering 'market value' disposal and therefore "best consideration" it is recommended that approval be given to the disposal of the site to CDP on the terms set out in paragraph 2.2.

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

No public consultation has taken place around the proposed disposal of land however there will be an opportunity for the public to comment on the future planning application submitted around the development proposals.

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

If the recommendation to proceed to dispose of the land is adopted then the intention would be to instruct Legal Services to produce the appropriate documentation and seek to agree the documentation and complete the sale once planning consent has been achieved, it is envisaged that this will be within 6 months from the date of the report.

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

### **5.1 Financial implications**

Approval of the recommendation to dispose of the site will result in a corporate capital receipt which will contribute towards the Councils Medium Term Financial Strategy.

### **5.2 Legal implications**

- 5.2.1 The consideration for the long leasehold disposal to CDP has been reached by negotiation following the approach made by CDP to the Council. Officers are satisfied

that this meets the Council's requirement to obtain the best price reasonably obtainable, in accordance with the requirements of S.123 of the Local Government Act 1972.

- 5.2.2 Although the site is not held by the Council as public open space, it is an open green area which has been used as a "pocket park" since 2010. Pursuant to the requirements under S.123 (1) of the Local Government Act 1972, the Council is required to place a notice in the local newspaper for two consecutive weeks, advising that the Council is seeking to dispose of the site. Any objections to the proposal will be considered by Cabinet Member.
- 5.2.3 Officers within the Resources Directorate (Legal Services) will complete the necessary legal documentation effecting the long leasehold disposal and will collect payment of the agreed consideration.

## **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 proposals contained in this report will contribute to the continuing improvement in the city centre thus encouraging a creative, active and vibrant city which will also indirectly assist with producing a more prosperous Coventry. The construction of new facilities will also seek to relieve pressure on Houses in Multiple Occupation (HMO's) by providing more purpose built accommodation for students in the city centre.

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

The key risk is that the CDP fail to obtain a satisfactory planning consent. If this occurred the Council would be under no obligation to lease the site and would be free to either dispose to an alternate party or retain the site in its current use.

### **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 recommendations relate to the transfer of land and do not affect the Council's policy, provision of any services or its statutory functions. As such no EIA is required

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

None

### **6.5 Implications for partner organisations?**

None

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**Directorate: Place**

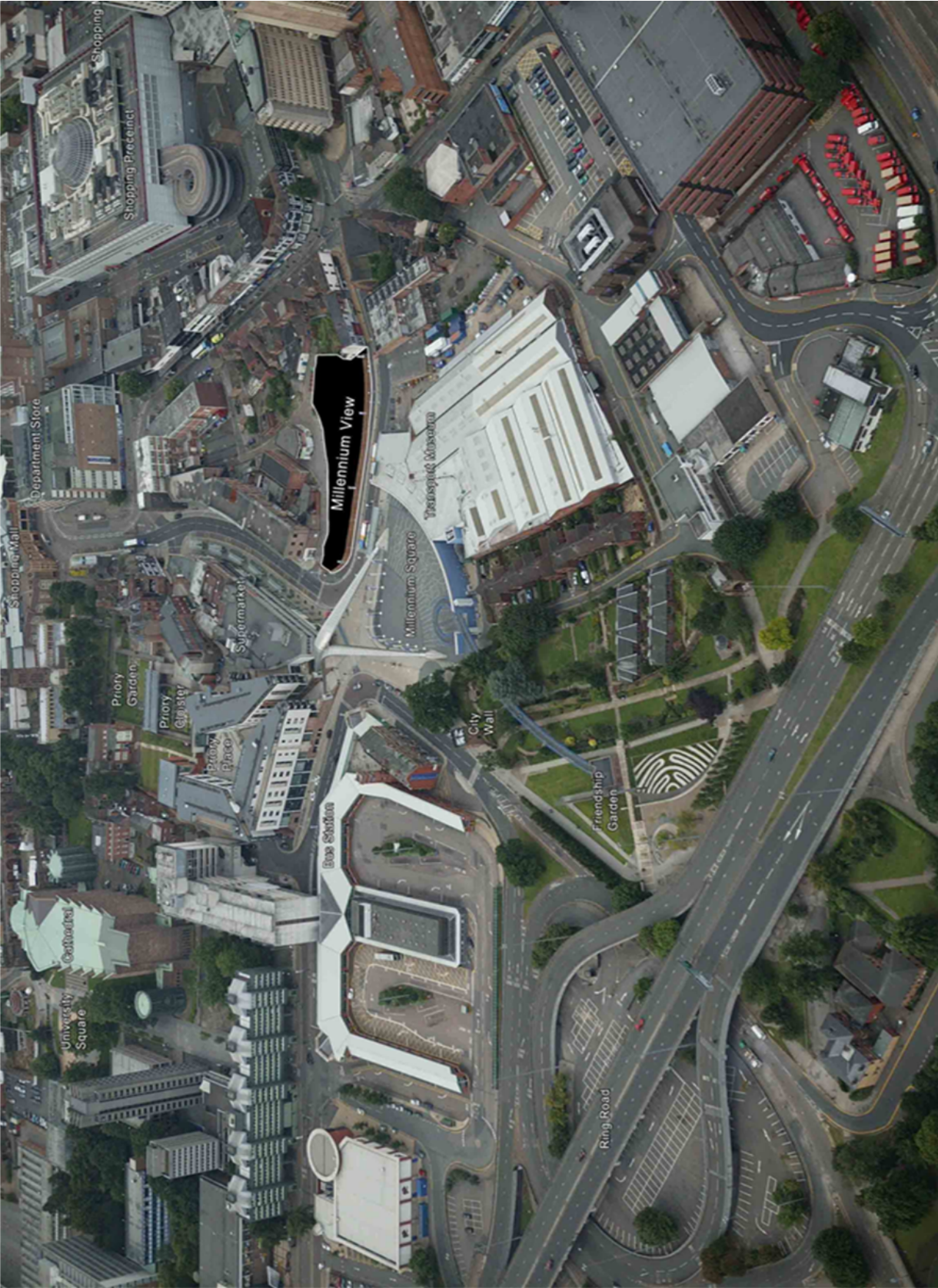
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Appendix 1 - Site Plan



Appendix 2 – Develop

