
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**

**24 January 2017
24 January 2017**

Name of Cabinet Members:

Cabinet Member for Jobs and Regeneration - Councillor O'Boyle

Cabinet Member for Strategic Finance and Resources - Councillor J Mutton

Directors Approving Submission of the report:

Executive Director for Place

Executive Director for Resources

Ward(s) affected:

All wards

Title: City Centre South Development

Is this a key decision?

Yes, the proposal in this report is a key decision because expenditure is above the £1m threshold and will have implications for citizens across the city.

Executive summary:

The purpose of this report is to seek Cabinet approval of the proposed appointment of a Preferred Bidder to deliver the City Centre South scheme and permission to formally enter into a contract with the Preferred Bidder for the delivery of the scheme, subject to satisfactory completion of the legal processes.

Investing in the city centre and creating a new mixed use retail led scheme is a top priority for the Council. Over recent years significant grant funding, mainly from Europe, has been invested in improving the city centre, including the new bridge deck at junction six to create an impressive pedestrian link to the railway station, the transformation of Broadgate and improved settings for some of the city's finest buildings, including the Council House and Holy Trinity church. Work is also underway to demolish Spire and Christchurch House ready for the water park and leisure centre, which will open in 2018.

City Centre South will transform some of the most tired and out dated areas of the city centre, including Bull Yard, Shelton Square, City Arcade and Hertford Street. The vision for the scheme being recommended is for a vibrant mixed use redevelopment, including a new anchor store and other shops, car park, restaurants and leisure provision and new homes. The scheme aims to better connect the city's much loved, circular market which currently feels cut off from the shopping area and the use of high quality materials to create a nice environment for local shoppers and visitors.

Following on from a recent procurement exercise using the Competitive Dialogue route, officers are now in a position to make a recommendation to Members to appoint a developer to proceed with the scheme. Furthermore, funding from the West Midlands Combined Authority has been secured specifically for this project.

Cabinet and Council are asked to approve this decision due to the size and nature of the project and in particular, the financial contribution that is required to make the scheme viable and allow acquisition of the land required for creating the scheme. The report also seeks delegation to the Executive Director for Place and Executive Director for Resources in consultation with the Cabinet Member for Jobs and Regeneration and Cabinet Member for Strategic Finance and Resources to undertake the necessary due diligence, finalise and complete the process of entering into the contract with the Preferred Bidder.

Recommendations:

Cabinet is recommended to:

1. Accept the bid and award the contract to Bidder A as the Preferred Bidder for the delivery of the City Centre South scheme, subject to the detailed information contained in the associated private report.
2. Delegate authority to the Executive Director for Place and Executive Director for Resources following consultation with the Cabinet Member for Jobs and Regeneration and Cabinet Member for Strategic Finance and Resources to undertake the necessary due diligence, finalise and complete the process of entering into the contract with the Preferred Bidder, subject to the detailed information contained in the associated private report.
3. Approve in principle to use its Compulsory Purchase powers pursuant to sections 226 and /or 227 of the Town and Country Planning Act 1990 (as amended) and/or section 203 of the Housing and Planning Act 2016 for the acquisition as necessary of the land outlined in red on the indicative plan at Appendix 1 ("the Land") for planning purposes in order to enable the development of the City Centre South scheme, subject to the detailed information contained in the associated private report.
4. Authorise the Executive Director for Place to grant written authority to officers to enter onto the Land or other land for the purposes of carrying out surveys pursuant to section 172 of the Housing and Planning Act 2016.
5. Authorise the Executive Director for Place to issue notices requisitioning information from persons in relation to the Land or other land pursuant to section 16 of the Local Government (Miscellaneous Provisions) Act 1976.
6. Delegate authority to the Executive Director for Place, after consultation with the Legal Services Manager (Place & Regulatory) (or their nominee), to complete and settle the land referencing exercise to identify all owners, tenants, occupiers and others with a legal interest affected and which may be included in any future Compulsory Purchase Order and/or become eligible for compensation under section 203 of the Housing and Planning

Act 2016, subject to the detailed information contained in the associated private report.

7. Note that a detailed report in relation to the proposed Compulsory Purchase Order setting out the justification and a statement of reasons will be presented to Cabinet in due course.
8. Note that a full Equalities Impact Assessment will be undertaken into the potential impact of the proposed Compulsory Purchase Order to meet with the Council's Public Sector Equality Duty.

Cabinet is asked to recommend to Full Council:

9. To approve the grant funding in the sum of £98.8 million pounds from the West Midlands Combined Authority and delegate to the Executive Director for Place and Executive Director for Resources in consultation with the Cabinet Member for Jobs and Regeneration and Cabinet Member for Strategic Finance and Resources, the authority enter into the necessary grant funding agreement to secure the funding, subject to the detailed information contained in the associated private report.
10. To approve that £98.8 million is added to the Council's capital programme, all funded from the West Midlands Combined Authority.

Council is recommended to:

1. Approve the grant funding in the sum of £98.8 million pounds from the West Midlands Combined Authority and delegate to the Executive Director for Place and Executive Director for Resources in consultation with the Cabinet Member for Jobs and Regeneration and Cabinet Member for Strategic Finance and Resources, the authority to enter into the necessary grant funding agreement to secure the funding.
2. Approve that £98.8 million is added to the Council's capital programme, all funded from the West Midlands Combined Authority,

List of appendices included:

Appendix 1 – Land Acquisition 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

However, In accordance with the West Midlands Combined Authority governance process, a Full Business Case was completed and considered by the following panels prior to the award of funding:

- 2 November 2016 – Technical Appraisal Panel
- 7 November 2016 – Investment Advisory Panel
- 21 November 2016 – Investment Board
- 24 November 2016 – Management Board
- 9 December 2016 – Board

Will this report go to Council?

Yes – 24 January 2017

Report title: City Centre Development

1. Context (or background)

- 1.1. The City Centre South (CCS) regeneration scheme obtained Outline Planning Permission in 2012 and the Council, together with its advisors Deloitte, ran a tender process for the procurement of a “Preferred Developer Partner”, which was undertaken in 2013. Following the appointment of Queensberry Real Estate (QRE) as the “Preferred Developer Partner” in 2014, feasibility work on their CCS scheme proposal was undertaken. This feasibility work was completed with the results showing that whilst there was retailer demand for a transformational scheme, it was financially unviable. Because of this lack of financial viability, the QRE scheme proposal for CCS required a capital investment from the Council. There was also no financial commitment from the developer to fund upfront costs.
- 1.2. This potential financial support would have represented a material change to the basis of the original opportunity the Council tendered for and meant that the Council was obliged to test the market to obtain new proposals. In September 2015, the Council endorsed the Cabinet’s recommendation to proceed with a procurement for the CCS scheme and seek a development partner to support a successful ‘comprehensive redevelopment’ of the CCS area with an “in principle” commitment to support the scheme financially.
- 1.3. The EU threshold for works at the time of advertising the Councils requirement for CCS was £4.1million.
- 1.4. Given the level of potential spend/investment from the Council and the size of potential opportunity to any successful tenderer and the likelihood of the EU thresholds being exceeded, an OJEU compliant procurement was required.

1.5. Procurement process undertaken and evaluation

- 1.5.1. Given that the Council is not best placed to identify the scheme mix and optimum plot size and that not all suppliers would make offers based on the same scheme mix and plot size, Competitive Dialogue was chosen as the most appropriate procurement route.
- 1.5.2. The Competitive Dialogue process commenced with an advert in the Official Journal of the European Union (OJEU) on 26 October 2015
- 1.5.3. The criteria that was advertised as being the measures upon which the bids would be evaluated were:
 - Development Proposal
 - Vision for City Centre South
 - Urban Design and Placemaking
 - Retail Strategy
 - Leisure Strategy
 - Planning and Deliverability
 - Planning Strategy
 - Development Implementation
 - Financial Proposal
 - Viability
 - Financial Commitment
 - Council Funding
 - Funding Strategy

- Financial Consideration
 - Overage
 - Contract
- 1.5.4. Thirty-five organisations expressed an interest. Of six organisations, who submitted a Pre-Qualification Questionnaire (PQQ), three were invited to take part in offering Outline Solutions. All three of the Outline Solutions offered to the Council met the criteria set out and were deemed suitable for further development and therefore all three were invited to take part in offering Detailed Solutions.
- 1.5.5. After the second dialogue meeting of the Detailed Solutions stage, one of the bidders informed the Council that they had decided to leave the process due to commitments elsewhere resulting from successful bids awarded during the running of our process.
- 1.5.6. During Outline Solutions and Detailed Solutions, the dialogue between the Council's project team and the individual bidders' teams was commenced. There were a series of sessions with each bidder where they were able to put forward their proposals for individual elements of the project. This included detailed Heads of Terms, financial proposal, design development, funding options and mix of uses.
- 1.5.7. On 7 July 2016, the project team felt that dialogue had concluded sufficiently for both bidders to be in a position to put forward their Final Tenders. Dialogue closed on 13 July 2016 and Final Tenders were submitted on 29 July 2016.
- 1.5.8. The project team undertook evaluation of the bids in significant detail with additional consideration from external experts as required, including Deloitte LLP, KLM Retail, Gleeds and Pinsent Masons.
- 1.5.9. Clarification meetings were held with both bidders during the evaluation stage to confirm interpretation and to obtain further clarity of some parts of their Final Tender submission. Following this, a Preferred Bidder was identified and it is the appointment of this successful bidder that is the subject of approval in this report.
- 1.5.10. Following evaluation of the Final Tender bids received from Bidder A and Bidder B against the advertised criteria and on consideration of the outcome of the evaluation, it is recommended that the contract is awarded to Bidder A.
- 1.5.11. Given the specific commercially sensitive data of the tender evaluation information, a report detailing the evaluation criteria and the outcome of the evaluation appears in the private report.

1.6. Scheme objectives and the proposed development

- 1.6.1. The proposal put forward by Bidder A is to provide a mixed use regeneration scheme within Coventry city centre and to create an exciting and enticing quarter in its own right. The Heads of Terms also include other additional high level objectives.
- 1.6.2. The scheme is to be carried out in accordance with the principles set out within the concept design, which formed part of Bidder A's proposal. In particular, the proposed development will be as described and shown in Bidder A's bid:-
- with any amendments or development of design to be undertaken in collaboration with the Council; and

- with the detailed plans for the development (including the planning application) to be firstly approved by the Council as landowner (acting reasonably).

1.6.3. The floor areas and unit numbers proposed in the bid submission are indicative and can be varied by Bidder A with the Council's approval, approval not to be unreasonably withheld where such variations are consistent with the scheme objectives and having regard to market conditions at the relevant time.

2. Options considered and recommended proposal

2.1 Option 1 – Do Nothing

2.1.1. Under a 'Do Nothing' approach, Coventry City Council would not progress with the proposed development scheme, the existing retail occupiers would continue to trade without investment in their premises and the surrounding public realm and car parking provision would remain as they are.

2.1.2. This option would most likely result in the irreversible decline of the city centre.

2.1.3. Under such a scenario, we would anticipate:

- An increase in maintenance costs
- A reduction in business rates income
- A reduction in rental income
- An ultimate reduction in the number of jobs not only in the CCS red line boundary area but also in the rest of the city centre

2.2 Option 2 – Award to Bidder B

2.2.1. This scheme was felt to provide a good quality mixed use scheme. However, it is not the recommended option because the evaluation and due diligence of the bid indicated that there were elements of the bid that were less likely to achieve the step change that the Council is looking to achieve.

2.2.2. In addition, due diligence identified some reservations on the robustness of the assumptions made as part of the bid, which could then have an impact on the overall viability of the scheme.

2.3 Option 3 – Award to Bidder A (Recommended)

2.3.1. The proposed scheme would provide a mixed use regeneration scheme, anchored by a new department store. The store would be positioned at the end of Market Way, which would be visible from the existing retail area and would provide a link to the new leisure units. Together with the retail, leisure and residential offerings within the submission, the Preferred Bidder's tender is felt to be appropriate for making the step-change required within the city and the quality of the proposed scheme is high. It therefore represents the Most Economically Advantageous Tender.

2.4 Council Funding to the proposed scheme

2.4.1. During dialogue meetings with Bidder A as part of the procurement exercise, it was clearly identified that there was a viability gap with delivering the high quality scheme requirements set out in the tender documentations. As such, it was agreed that in order to make the scheme viable and capable of being delivered, a financial contribution from

the Council would be required. The authorisation for such a financial contribution is included in this report.

- 2.4.2. As part of the West Midlands Combined Authority (WMCA) Devolution Deal agreed in November 2015. Coventry City Centre Regeneration was identified as a pipeline project, with £150m identified to support the Council with the development of both its CCS and Friargate schemes. To ensure that the Council was able to secure the necessary funding and provide assurance to the bidders in relation to the commitments the Council was prepared to provide towards ensuring deliverability, on 11th November 2016 the Council submitted a Full Business Case (FBC) to WMCA requesting £98.8m funding to support the development of the CCS scheme.
- 2.4.3. The FBC submitted to the WMCA included Treasury Green Book methodology, analysing the Strategic, Financial and Economic cases for the project. The FBC concluded that the benefits of the scheme, including the positive impact on the local economy, continue to provide justification for WMCA investment in the scheme.
- 2.4.4. The FBC was considered by WMCA Investment board on 21 November 2016. The Investment Board made the following recommendations to the WMCA Board for their meeting to be held on 9 December 2016:

"Support the Coventry City Council application for funding to support its Coventry City Centre South proposal and to approve a grant of up to £98.8 million subject to:

1. *that any terms of a grant should ensure that the risks associated with any legal challenge are solely the responsibility of Coventry City Council and should such challenge prove successful then any grant paid over should be returned to the WMCA;*
 2. *that where there are any cost savings or unused contingency the WMCA should benefit from such reductions, which should be included in the grant conditions;*
 3. *That delegation be given to the WMCA Monitoring and WMCA S151 officers and their equivalent Coventry City Council colleagues to enter into the appropriate grant agreement between the West Midlands Combined Authority and Coventry City Council to secure the grant funding.*
- 2.4.5. It is anticipated that any payment of grant funding from the WMCA will be paid in arrears, with spend incurred by the Council and reimbursed by the WMCA at a timescale to be agreed by WMCA S151 Officer as detailed in 2.4.4.3 above.

2.5 **Heads of Terms**

- 2.5.1. One of the aspects discussed with the Preferred Bidder during dialogue and clarified during the procurement process was the need for detailed Heads of Terms to be agreed. This was to ensure that all parties were clear on the proposed structure of the proposal and how this will be secured by way of legal documentation between the parties to effect a contractual relationship. For this proposal, the intention is for a Development Agreement to be entered into by the parties. The Development Agreement will deal with all matters such as Condition Precedents to be satisfied with a specific timescale, grant of leases and the level of financial contribution required from the Council. Full details of the summary of the headline terms are contained in the private element of the report.

2.6 **The case for a Compulsory Purchase Order**

- 2.6.1. This report also seeks approval in principle for the commencement of the Compulsory Purchase Order (CPO) process in respect of the Land outlined in red on the indicative plan at Appendix 1 of this report.
- 2.6.2. These recommendations are being made to facilitate the delivery of the redevelopment necessary to achieve the CCS development proposal, which has wider public benefits that will improve the economic, social and environmental well-being of the area. If the recommendations are adopted, the residents will benefit because:
- The proposal would facilitate the delivery of infrastructure needed to make a step-change for the city and create a high quality gateway to the city to provide a positive resident and visitor experience.
- 2.6.3. Overall the development will make a positive contribution to the economic, social and environmental well-being of the area.

2.7 **Reason for decision and options considered**

- 2.7.1. The decision to use compulsory purchase powers is as a last resort to ensure the delivery of the redevelopment scheme to bring forward the CCS development proposal, which will allow for the provision of a number of critical infrastructure elements that need to be provided.
- 2.7.2. The Council will endeavour to agree private treaty negotiations with third party owners, who are not compelled to sell their interests. However, if those negotiations do not result in agreed sales, this creates delays and uncertainty of the scheme eventually happening. A CPO, if confirmed by the Secretary of State, provides certainty of site assembly for the development. It should, however, be noted that the Council's preference is to reach agreement by negotiation with all third party ownerships within the red line area of the plan. As stated above, it may not be possible to reach agreement by negotiation in all cases. In such cases, the Council will need to consider exercising its compulsory purchase powers in order to acquire these legal interests, as well as any other rights and interests. However, even if a CPO is confirmed, exercising these powers will remain a last resort and negotiations will be ongoing throughout the process.
- 2.7.3. It has been considered whether the site is capable of piecemeal development with individual plots being brought forward in isolation, however, the combined approach of using the whole land in the plan for development is considered to yield a better regeneration outcome for the city.
- 2.7.4. In the event that the Council approves that the compulsory purchase process proceed to full implementation, the necessary Order documents will be prepared for submission to the Secretary of State for Communities and Local Government ("DCLG").
- 2.7.5. The Order will, at that stage, be advertised and notices given to affected landowners to enable interested parties the opportunity to object to the Order. Should objections be received by the Secretary of State, then DCLG will decide whether to hold a public inquiry to hear all matters relating to the Order. In the event that a public inquiry is held, then the inspector conducting the public inquiry will formally submit a report to the Secretary of State in due course for a decision on whether to confirm, modify or revoke the Order.

2.8 **Land, which is the subject of the Compulsory Purchase Order (CPO)**

- 2.8.1. The land, which would potentially be included in the CPO, will be such land as shown outlined in red on the indicative plan at Appendix 1 of this report, which is deemed necessary for the implementation of the project. The other interests to be acquired may include those of leaseholders, freeholders, any private express or implied rights that may have been granted over the site. These will be formally identified following completion of the land referencing process.

2.9 **Compulsory Purchase Order (CPO) land referencing**

- 2.9.1. The CPO will include all occupiers and all interests that are included within the red line area identified on the indicative plan at Appendix 1 or have or are believed to have an interest over that land, which could include adjoining owners. All owners and occupiers, including tenants, will be written to as part of the land referencing process that precedes the making of the CPO and all names and addresses will be included in the final CPO. In order to collate this information, it is intended that land referencing commences immediately after Cabinet and Council consider this report.

2.10 **Department for Communities and Local Government guidance on compulsory purchase process (October 2015)**

- 2.10.1. The Government document issued in October 2015 sets out the guidance for Local Authorities regarding the making of CPOs. The guidance sets out key tests, which need to be satisfied before a CPO can be confirmed. These tests include:
- A compelling case in the public interest. This means that an acquiring authority (in this case the “Council”) should be sure that the purposes for which the CPO is made, justify interfering with the human rights of those with an interest in the land affected.
 - A clear idea of how the Local Authority intends to use the land, which it is proposing to acquire. The main body of the report sets out what the scheme proposal consists of, some of which will be provided in areas falling within the red line outlined on the indicative plan at Appendix 1.
 - That all necessary resource are likely to be available to achieve that end within a reasonable time-scale. This requires the acquiring authority to provide substantive information as to sources of funding available for both acquiring the land and implementing the scheme for which the land is required. Funding should generally be available now or early in the process. The main body of this report identifies the funding package and likely sources of funding options being secured, all of which will be progressed in a timely fashion.
- 2.10.2. Officers will ensure that the necessary tests to ensure that the case is made for making a CPO are fully detailed in the documents to be appended to any report brought back to Cabinet when authority is sought for the making and implementation of the CPO.

2.11 **Human Rights**

- 2.11.1. The Human Rights Act 1998 places direct obligations on public bodies such as the Council to demonstrate that the use of compulsory purchase powers is in the public interest and use of such powers is proportionate to the ends being pursued.
- 2.11.2. It is acknowledged that the compulsory acquisition of the Order Land or the creation of new rights, will amount to an interference with the human rights of those with an interest in the Order Land. These include rights under Article 1 of the first protocol of the

European Convention on Human Rights ("ECHR") (which provides that every natural or legal person is entitled to peaceful enjoyment of his possessions and no one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by the law).

- 2.11.3. The proposed CPO will be consistent with Article 6 of the Human Rights Act 1998. All those affected will be informed and advised of a right to make representations to the Secretary of State, to be heard at a public inquiry and have fair entitlement to compensation.
- 2.11.4. The public sector equality duty prescribed within section 149 of the Equality Act 2010, will be considered further at the next stage of reporting to Cabinet. It is not considered at this stage that there is a need for a full Equalities Impact Assessment to be carried out. Accordingly, it is considered that in approving the recommendations, the Council will be acting in accordance with its public sector equality duty.
- 2.11.5. Members are advised that there is a compelling case in the public interest for compulsory acquisition of the various interests which outweigh such rights, and therefore the use of compulsory purchase powers in respect of the Order Land is proportionate. Without the use of these powers, the much needed regeneration and redevelopment of the Land may not be achievable. Appropriate compensation will be available to those entitled to claim it under the relevant statutory provisions. Having regard to the provisions of the Town and Country Planning Act 1990 and the guidance set out by government, the Members are advised that the Land is both suitable for and will facilitate the carrying out of development, redevelopment or improvement and will make a positive contribution in the promotion of the economic, social and environmental well-being of its area.

2.12 **Making a Compulsory Purchase Order**

- 1.12.1. Section 226 of the Town and Country Planning Act 1990 enables a Local Authority to exercise its compulsory purchase powers:
 - If it considers that acquiring the land in question will facilitate the carrying out of development, redevelopment, or improvement on, or in relation to, the land being acquired (s.226(1)(a)); and
 - Provided that it considers that the proposed development, redevelopment or improvement is likely to contribute to achieving the promotion or improvement of the economic, social or environmental well-being of its area (s.226 (1A)).
- 1.12.2. The Council must therefore be satisfied on both counts.

2.13 **Confirmation of a Compulsory Purchase Order (CPO) and acquisition of the land**

- 2.13.1. If, following consideration of a further detailed report, the Council resolves to make the CPO, the Order must be submitted to the Secretary of State for confirmation, notified to those persons affected by it and advertised in the local press.
- 2.13.2. Any party who wishes to object to the making of the CPO, has 21 days within which to do so from the date of notification. All statutory objectors have a right to heard at a public inquiry, although it is possible for the Secretary of State to deal with objections in writing. Although any inquiry will be held on the earliest possible date.

- 2.13.3. The Council cannot actually exercise its compulsory purchase powers until such time as the CPO has been confirmed by the Secretary of State or the Secretary of State permits the Council itself to confirm the CPO.
- 2.13.4. Following confirmation of a CPO, the Council has three years within which to exercise the CPO powers. Once the interests included in the proposed CPO area have been acquired for planning purposes, the site will benefit from the operation of Section 203 of the Housing and Planning Act 2016, which (subject to the payment of compensation) extinguishes all existing third party rights that could prevent the development or use of the land from proceeding. The costs of compensation will be limited to the statutory basis as provided by section 204 of the Housing and Planning Act 2016.

3. Results of consultation undertaken

- 3.1. Bidder A has undertaken within their tender to ensure that engagement with all necessary stakeholders is implemented in order to shape and influence the development of the scheme.
- 3.2. The governance arrangements for the programme are designed to ensure that services/departments across the Council are fully engaged in the development of the scheme proposed by Bidder A. These departments will provide services that will include, but not be limited to, Planning, Urban Design, and Transportation.
- 3.3. Governance for the programme will consist of a Programme Board (management and control focus) chaired by Executive Director for Place and Executive Director for Resources and including representation from each of the relevant departments.
- 3.4. Public consultation on proposals will also be undertaken as part of the detailed planning application process.

4. Timetable for implementing this decision

- 4.1. The timetable for contract signature (which is subject to democratic procedures) is as follows:

Cabinet Decision	24 January 2017
Full Council (approval of funding)	24 January 2017
Notification of Preferred Bidder	25 January 2017
End of 10 day standstill period	8 February 2017
Contract Signature	March 2017

- 4.2. The developer aims to complete the scheme by the end of 2022, subject to planning, Compulsory Purchase Order etc. It should be noted that it was anticipated that contract award was expected to be September 2016 but this was put back pending finalisation of WMCA funding.
- 4.3. In relation to the potential use of the Council's CPO powers, authorisation is sought to commence the preliminary phases of the CPO process, with the aim of progressing this in further detail once land referencing is completed.

5. Comments from Executive Director, Resources

5.1. Financial implications

5.1.1. The financial implications are set out in the private element of this report.

5.2. Legal implications

5.2.1. The procurement process has been undertaken in accordance with the Council's Contract Standing Orders, the Council's Procurement Strategy, the Public Contracts Regulations 2015 and the EU Procurement Directive.

5.2.2. In accordance with the Public Contracts Regulations 2015, the Council concluded dialogue on the basis that it had identified one or more solutions capable of meeting its needs. The Call for Final Tender ("CFT") was issued and Final Tenders received. The Council proceeded to assess the tenders received and identified the bidder who had submitted the Most Economically Advantageous Tender on the basis of the award criteria specified.

5.2.3. Once the recommendations in this report have been approved by Members, the Council will issue an Alcatel letter to the unsuccessful bidder to commence the Alcatel standstill period.

5.2.4. The Council is proceeding in line with the Public Contracts Regulation 2015 to clarify, where necessary, aspects of the Preferred Bidder's tender and confirm commitments contained in the tender.

5.2.5. Legal Services have been consulted and provided advice and assistance, where necessary, throughout the tendering process.

5.2.6. In relation to the need to exercise the Council's use of the compulsory purchase powers, the legal implications are covered in the body of this section of the report.

6. Other implications

6.1. How will this contribute to achievement of the Council's Plan?

6.1.1. The recommendations of this report are critical to Coventry's aspirations of creating a vibrant city centre environment for the benefit of its residents, with development of the city centre being an integral part of meeting these aspirations. The improved city centre environment is expected to increase footfall to the city centre and significantly broaden the catchment shopper population. This would elevate Coventry's position to become the second largest retail destination in the West Midlands.

6.1.2. The scheme presents a significant opportunity to act as an interface between the existing city centre projects and also to act as a catalyst for other private sector investment. This is therefore an exciting time for Coventry and is an opportunity for the city to develop an offering of significant scale to differentiate itself through a unique shopping and leisure offering.

6.1.3. The contribution of the scheme towards jobs and the financial impact on the local economy is set out in the private report.

6.1.4. The development of 130 PRS apartments, 150 private for sale residential apartments and 585 student beds will increase city centre living in Coventry.

6.2. How is risk being managed?

6.2.1. The key risks associated with the project have been assessed with mitigating actions put in place where required. These risks include:

- Failure to deliver the economic and social regeneration to the city centre and not achieving the step change required. In mitigation, the scheme has identified a high quality anchor store that will make Coventry a regional player and increase the likelihood of the economic and social benefits being delivered.
- Negative impact on existing businesses and ineffective stakeholder identification and management. A consequence of this type of development is that independent retailers are displaced. In mitigation, there will be open and effective communication with third parties and an appropriate decanting strategy will be put in place to relocate as many businesses as possible.

6.2.2. Five of the key strategic risks have an impact on the success of the project in generating sufficient value in the scheme to make it viable. These risks have been passed to the developer as the developer stands to profit from the scheme:

- Construction cost escalation
- Delayed construction
- Increased cost of third party acquisition
- Securing occupiers at right rental levels
- Project fails to develop expected mix of property type

6.3. What is the impact on the organisation?

6.3.1. The recommendations in this report have an impact on all Council assets within the red line boundary of the scheme. All current buildings and car parks owned by the Council will be transferred to the developer.

6.4. Equalities / EIA

6.4.1. An Equality Impact Assessment will be conducted at the appropriate stage to ensure consultation with all relevant stakeholders, including local disability groups.

6.5. Implications for (or impact on) the environment

6.5.1. A redevelopment of the city centre will deliver new retail units, which reflect modern day standards and building regulations. The use of new materials will eliminate energy loss from the fabric of the buildings and promote energy efficiency, resulting in a reduction in carbon emissions and utility costs for occupiers.

6.6. Implications for partner organisations?

6.6.1. Local businesses located within the CCS area are likely to be impacted by the proposal, in particular, those that trade within the red line area will be impacted or could be relocated as a result of the scheme. In preparation of the Outline Planning Application, engagement with stakeholders, including local traders was undertaken. This included briefing sessions and a Development Forum. This approach will be repeated when a new planning application is made.

- 6.6.2. The developer will need to engage directly with bodies such as Historic England. There will also be a remaining element of engagement to be completed in relation to decanting of existing businesses. It will be important to secure the support of key stakeholders, including residents, shoppers, owners and occupiers of existing shops, cafes and restaurants and other units and community groups such as the Coventry Society.
- 6.6.3. As a new partner organisation, the WMCA has played a key role in the funding arrangements for the scheme and, as part funder, will remain a key stakeholder.

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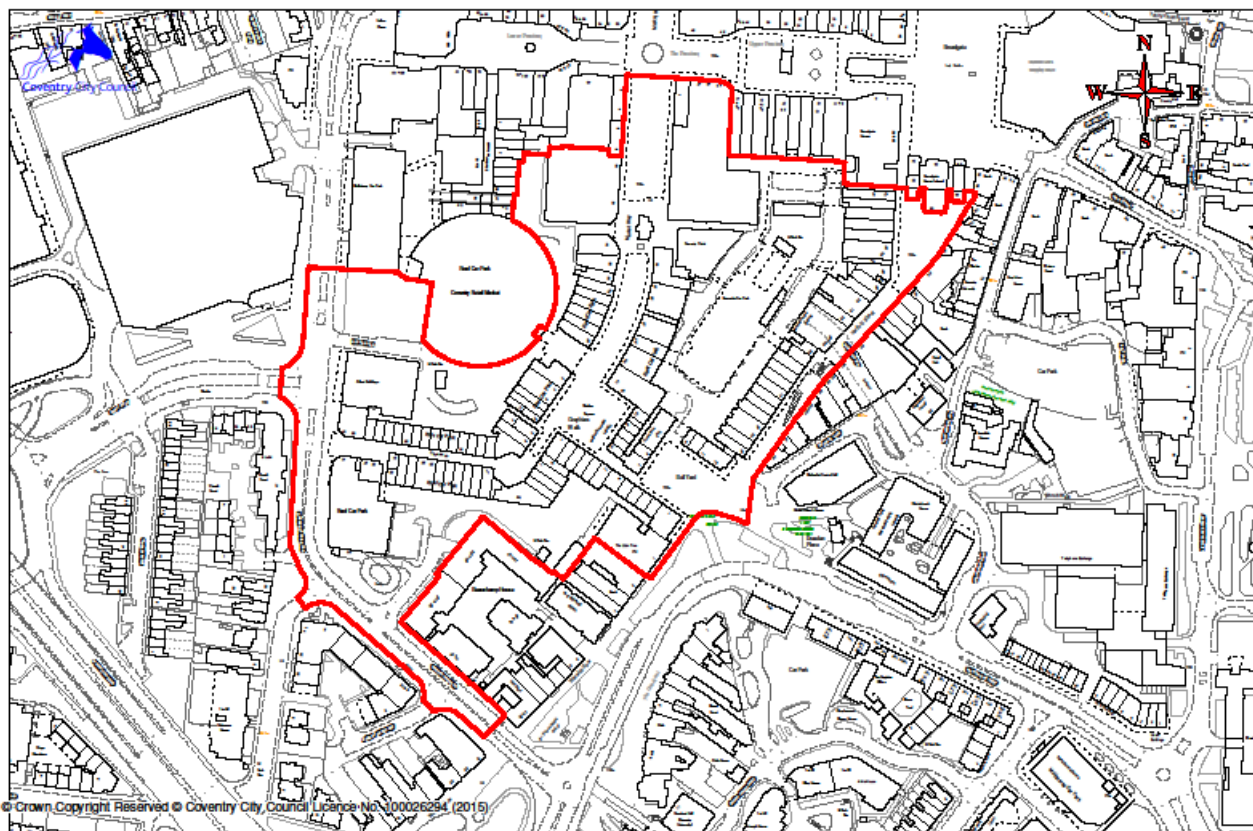
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Appendices:-

Appendix 1 – Land Acquisition Plan

City Centre South, Coventry.

Scale at A4 1 : 1250



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This plan is for identification purposes only.