

Council – 16th January 2018
Agenda Item 9
Recommendation from Cabinet
9th January 2018

Coventry City Council
Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 9 January 2018

Present:

Members: Councillor G Duggins (Chair)
Councillor F Abbott
Councillor L Bigham
Councillor K Caan
Councillor J Innes
Councillor A Khan (Deputy Chair)
Councillor K Maton
Councillor J Mutton
Councillor J O'Boyle
Councillor E Ruane

Deputy Cabinet Members Councillor P Akhtar
Councillor B Kaur
Councillor R Lakha

Non-Voting Opposition Councillor A Andrews
Members: Councillor G Ridley

Other Members: Councillor R Brown
Councillor D Gannon
Councillor McNicholas
Councillor M Mutton
Councillor G Williams

Employees (by Directorate):

Chief Executive M Reeves (Chief Executive)

People G Quinton (Deputy Chief Executive (People)), L Gaulton,
N Hart, B Hastie, P Jennings, S Lam, K Nelson, M Salmon,
R Sugars, C Whiteley

Place M Yardley (Deputy Chief Executive (Place)), O Aremu,
D Cockroft, D Nuttall, S Wiles

Apologies: Councillor R Ali, J Clifford and C Thomas

RECOMMENDATIONS

Public Business

103. Friargate Joint Venture

The Cabinet considered a report of the Deputy Chief Executive (Place), that would also be considered by the Council at its meeting on 16th January 2018, on proposals for the City Council to enter into a joint venture partnership with Friargate LLP.

A corresponding private report detailing confidential aspects of the proposals was also submitted to the meeting for consideration.

The Friargate masterplan was conceived by CannonCannon Kirk, the founders of Friargate LLP, who assembled the majority of the land required to regenerate the area around Coventry Railway Station. In 2013, the Council approved starting the Friargate Business District to regenerate the City, transform the Council and deliver savings, through the purchase of the first building on Friargate for occupation by the City Council (Cabinet minute 13/13 and Council minute 30/13 referred).

As part of the West Midlands Combined Authority investment programme, £150m was identified to fund regeneration in Coventry. In January 2017 £98.8m was approved for City Centre South and it was proposed circa £51.2m was allocated to Friargate to build Number two Friargate. (Cabinet minute 104/17 and Council minute 102/17 referred).

Approval was sought to enter into a 50/50 joint venture partnership with Friargate LLP across the whole Friargate development to bring forward the speculative second building as quickly as possible. Approval was also sought, subject to approval of the Full Business Case, to accept the grant for £51.2m from the West Midlands Combined Authority (WMCA) and use it to provide a loan to the joint venture company to construct number Two Friargate.

The Cabinet agreed to:

- 1) Approve (following the approval and the acceptance of the grant funding from the West Midland Combined Authority) the creation of a joint venture limited liability company (LLP) between the City Council and Friargate LLP to accelerate a programme of building at Friargate,
- 2) Delegate authority to the Deputy Chief Executive (Place) and Director of Finance and Corporate Services, following consultation with the Cabinet Member for Jobs and Regeneration and the Cabinet Member for Strategic Finance and Resources, to agree the final terms of the necessary agreements, provided that all the necessary due diligence in order to finalise and complete the process of entering into the joint venture contract with Friargate LLP have been carried out successfully.

- 3) Note that the LLP arrangement requires the establishment of an LLP Members Shareholders Panel with equal City Council and Friargate LLP representation, supported by a Board of Directors for officers.

RESOLVED that the Council is recommended to:

- 1) **Approve that the City Council accept a grant funding of £51.2 million from the West Midlands Combined Authority and delegate to the Executive Director (Place) and Director of Finance and Corporate Services in consultation with the Cabinet Member for Jobs and Regeneration and the Cabinet Member for Strategic Finance and Resources, the authority to enter into the necessary grant funding agreement to secure the grant.**
- 2) **Approve (following completion of recommendation 1 above) the capital investment to purchase a 50% equity stake in all of the land within the Friargate Masterplan and to delegate authority to the Deputy Chief Executive (Place) and the Director of Finance and Corporate Services, following consultation with the Cabinet Member for Jobs and Regeneration and the Cabinet Member for Strategic Finance and Resources to enter into the Shareholder agreement, on the basis that the Council will see a commercial return on this investment over the medium term.**
- 3) **Approve a loan to Friargate LLP on commercial market terms to enable them to complete the necessary actions to effect the release of charges over the land within the Friargate Masterplan.**
- 4) **Approve the creation of a budget for £0.5m per annum to fund development costs for the first three years (total commitment of £1.5 million), funded from capital receipts, to match Friargate's contribution to fund the LLP, promote the scheme to investors and secure development.**
- 5) **Approve that £51.2million is added to the Council's capital programme, all funded from the West Midlands Combined Authority grant.**
- 6) **Approve the Council representation on these boards be agreed by the Deputy Chief Executive (Place) and Director of Finance and Corporate Services, following consultation with the Cabinet Member for Jobs and Regeneration and the Cabinet Member for Strategic Finance and Resources, once the format of these boards is established as part of the final terms of the agreement; and that the Council representation on the LLP Members Shareholders Panel will be from members of the Cabinet.**