

Council – 10 July 2018

**Recommendation from Cabinet
12 June 2018**

Coventry City Council

Minutes of the Meeting of Cabinet held at 10.00 am on Tuesday, 12 June 2018

Present:

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

Deputy Cabinet Members Councillor B Kaur
Councillor R Lakha
Councillor T Skipper

Non-Voting Opposition
Members: Councillor G Ridley

Other Members: Councillor J Clifford
Councillor M Mutton

Employees (by Directorate):

Chief Executive M Reeves (Chief Executive)

People P Fahy

Place M Yardley (Deputy Chief Executive (Place), S Bennett,
B Hastie, P Jennings, R Moon, J Newman,

Apologies: Councillors R Ali, A Andrews, D Gannon, J Innes,
J McNicholas

Public Business

RECOMMENDATION

8. **Edgwick Point and Wheler Road Seven Stars, Coventry - Property Acquisitions**

The Cabinet considered a report of the Deputy Chief Executive (Place), which sought approval for the acquisition of commercial properties at Edgwick Point and Wheeler Road, Seven Stars Industrial Estate.

A corresponding private report detailing confidential aspects of the proposals was also submitted to the meeting for consideration (Minute 11 below refers)

The Council is committed to investing capital receipts in order to increase revenue income, supporting services it seeks to deliver. Two opportunities have been presented to the Council to acquire property, which once let, will create income producing investments.

Edgwick Point is currently owned by The Wigley Group. They have secured a planning consent enabling the demolition of the existing buildings and the construction of 65,000sqft of buildings for industrial and warehousing use. A review of the existing consent in order to optimise the efficiency of the scheme is underway. Due to a current lack of supply of new industrial accommodation in the City, demand for space remains strong. The Council's independent property agent, Drake Howard, is confident that the units will let well. This is also supported by the success of the extension to Lythalls Lane Industrial Estate which the Council undertook in the last couple of years. The location of Edgwick Point, just off the A444 and Foleshill Road, affords easy accesses to the motorway and key arterial routes in the north of the city. The site forms part of the larger Edgwick Park, which includes occupiers such as Lidl, Royal Mail and a Mercedes Benz car showroom.

The second option, Wheler Road, comprises the purchase of two modern, detached, office and workshop premises. The total area for both properties extends to 6,200 sqft. benefiting from a total of 28 car parking spaces. Wheler Road forms part of the Seven Stars Industrial Estate. This is an established and well located, commercial business estate. The estate is accessed off the Humber Road which affords easy access to the main arterial routes across the city and beyond to the motorway network.

Both properties are currently vacant. It is considered that to assist with the re-letting of the property there is a need to undertake some refurbishment work. These costs have been assessed and factored into the financial assessment of the investment.

The estimated income from both properties has been independently assessed by Drake Howard on behalf of the Council and has informed the business case. Drake Howard have also considered and evaluated the purchase prices and confirmed that they represent open market value.

Acquiring vacant units rather than tenanted premises adds an element of risk around the ability to secure tenants. In both property cases these have been mitigated by selecting good quality accommodation located on well connected and established business locations. The accommodation is flexible in terms of the size of accommodation and what each property can be used for, increasing the target market as wide as possible. In addition, independent property advice has been

taken which supports the view that the units will attract tenants based on assumed rental levels.

These risks are reflected in the investment yield / return on the capital employed to purchase the property and due to the scarcity of property available are typical of those currently available in the investment market. Based on experience it is believed that the proposed layout can be improved upon, increasing the potential lettings and therefore will be explored.

The Cabinet agreed to:-

1. Approve in principle the acquisition of the freehold interest in land at Edgwick Point, Coventry as shown on the attached plan 1 to the report and to fund the buildings to be constructed. (The financial implications being outlined in the private report.)
2. Authorise the acquisition of the long leasehold interest in the properties on Wheler Road Coventry as shown on the attached plan 2 to the report.(The financial implications being outlined in the private report).
3. Delegate authority to the Deputy Chief Executive (Place) following consultation with the Director of Finance and Corporate Services and the City Solicitor, to undertake the necessary due diligence, negotiate and finalise the terms of the acquisition of the properties and to complete all necessary legal documentation to facilitate the completion of the purchases.
4. Delegate authority to the Deputy Chief Executive (Place), following consultation with the Cabinet Member for Jobs and Regeneration, for any subsequent variation in terms.

RESOLVED that the Cabinet recommends Council to approve the necessary adjustment of the Capital programme to reflect the capital expenditure incurred in the acquisition of the Edgwick Point and Wheler Road interests.