

Council – 3 September 2019
Recommendation from Cabinet
27 August 2019

Coventry City Council
Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 27 August 2019

Present:

Members: Councillor G Duggins (Chair)
Councillor A Khan (Deputy Chair)
Councillor P Hetherton
Councillor K Maton
Councillor J Mutton
Councillor M Mutton
Councillor J O'Boyle
Councillor P Seaman

Deputy Cabinet
Members: Councillor P Akhtar
Councillor G Lloyd
Councillor D Welsh

Non-Voting Opposition
Members: Councillor G Ridley

Other Members: Councillor R Lakha

Employees (by
Directorate):
People G Quinton (Deputy Chief Executive (People)),
D O'Shaughnessy

Place C Booth, S Elliott, L Gaulton, R Haigh, B Hastie,
A Hunt, P Jennings, R Moon, J Newman, M Salmon,
L Shannon, A Walster, S Weir

Apologies: Councillor R Ali
Councillor A Andrews
Councillor K Caan
Councillor B Gittins
Councillor T Khan

Public Business

RECOMMENDATION

24. **Grant of Lease on Land in Friargate Business District**

The Cabinet considered a report of the Deputy Chief Executive (Place), that would also be considered at the meeting of the City Council on 3rd September 2019, on proposals to grant a lease on land within the Friargate Business District. Appendices to the report provided a Site Plan and the Masterplan General Arrangement.

A corresponding private report was also submitted to the meeting setting out the commercially confidential matters of the proposals. (Minute 29 below refers.)

The City Council had a long-held ambition to realise the delivery of high-quality new hotels within the City and currently had the option to acquire a site for this purpose within the Friargate Business District. There was now an opportunity to secure the delivery of a four star 'Hotel Indigo' for the city, to be open and operational in the early part of 2021.

Given the unproven market for higher end hotels within Coventry city centre (there had been no hotel of a four-star equivalent for approximately 50 years) and the cost of delivering such a hotel within such an early phase of Friargate, a development of this quality required the support of the Council through:

- a contribution to the delivery of public realm and the provision of utilities infrastructure in the surrounding area to the site
- a disposal of the land at a value that may be less than the prevailing market value of that site
- the making available of up to 50 car parking spaces (which will be the subject of a separate lease).

RESOLVED that the Cabinet:

- 1) **Approves capital expenditure (subject to the satisfaction of the conditions precedent (contractual protection) contained within the option agreement dated 15th January 2019 between the Council and Friargate JV Project Limited, as outlined in para 1.2 of the report), to fund the acquisition of the site shown edged red on the Site Plan appended to the report, by way of the entering into of a 250 year lease the sum of which is identified in the private element of this report.**
- 2) **Delegates authority to the City Solicitor, following consultation with the Finance Manager (Corporate Finance) and the Cabinet Member for Jobs and Regeneration, to finalise the terms of the leasehold acquisition between the Council and Friargate JV Project Limited to ensure that this transaction will be entered into in the most efficient manner.**

- 3) Authorises the grant of a new lease for the unexpired term of the headlease to be acquired under recommendation 1) above (less seven days) to a special purpose vehicle to be formed by Wylam Investments Limited for the site shown edged in red on the Site Plan attached as an appendix to the report, for the development of a hotel in accordance with the terms of this report.**
- 4) Approves the draft Heads of Terms for the grant of the underlease as set out in the private element of this report.**
- 5) Delegates authority to the City Solicitor, following consultation with the Finance Manager (Corporate Finance) and the Cabinet Member for Jobs and Regeneration, to undertake the necessary due diligence, make any subsequent variation to the Heads of Terms, and to complete the necessary legal documentation required to enter into the new lease arrangements.**
- 6) Approves capital expenditure of up to £1m from existing resources within the Public Realm Programme associated with City of Culture readiness, to be used for the purposes of delivering a public realm scheme in and around the hotel site.**
- 7) Delegates authority to the City Solicitor, following consultation with the Finance Manager (Corporate Finance) and the Cabinet Member for Jobs and Regeneration, to agree the final public realm cost, specification and necessary legal documentation required for delivery.**
- 8) Approves capital expenditure of up to £0.685m from existing resources within the capital programme to be used for the purposes of providing the necessary utilities and servicing infrastructure in the surrounding area to the site, as well as up to the boundary of the site, in order to enable the delivery of the hotel.**
- 9) Delegates authority to the City Solicitor, following consultation with the Finance Manager (Corporate Finance) and the Cabinet Member for Jobs and Regeneration, to agree the final services and utilities cost, specification and necessary legal documentation required for delivery.**
- 10) Approves, following practical completion of the infrastructure, the proposed grant of a lease for up to 50 car parking spaces at the rail station multi-story car park, as detailed in the private report.**
- 11) Delegates authority to the City Solicitor, following consultation with the Finance Manager (Corporate Finance) and the Cabinet Member for Jobs and Regeneration, to undertake the necessary due diligence and to complete the necessary legal documentation required to enter into the new car park lease arrangements.**
- 12) Cabinet recommends that Council approves the necessary adjustment to the Capital programme to reflect the capital expenditure incurred in the acquisition of the leasehold interests within the Friargate Business District.**