
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

9th October 2012
23rd October 2012

Name of Cabinet Member:

Cabinet Member (City Development) – Councillor Kelly

Director Approving Submission of the report:

Director of City Services and Development

Ward(s) affected: Outside of city boundary, land situated in Warwickshire

Title:

Coventry and Warwickshire Gateway

Is this a key decision?

Yes

The proposals will have financial implications in excess of £500k per annum

Executive Summary:

Coventry and Warwickshire Gateway is a major new development of strategic importance for Coventry and Warwickshire, delivering upwards of 14,000 new jobs for the region by creating circa 4.5million Sq.Ft. of commercial space.

Following the unsuccessful bid by the LEP to have the site designated as an Enterprise Zone both Warwick District Council and Coventry City Council have worked together to develop a strategy to bring the site into economic use with the developers Roxhill Developments who represent Rigby holdings who have the long leasehold interest in Coventry Airport.

The outline planning application for the development was submitted in September 2012 to both Coventry City Council and Warwick District Council. It is anticipated that the applications should be considered by both Planning authorities before the end of the year.

Coventry and Warwickshire Gateway will also help deliver a new infrastructure solution with the Highways Agency having announced a major £100m road improvement scheme at Tollbar junction which will be married up to the Gateway scheme infrastructure

The Council owns a significant proportion of the land within the proposed scheme area, the majority of which is currently agricultural land. It is the intention for the parties to enter into a conditional development agreement that ensures best value for the Council's land whilst giving the developer, Roxhill Developments the certainty that they require around assembling the site ahead of investing the significant at risk costs producing detailed development proposals for the overall site.

In order to prepare and progress an appropriate development agreement, the Council will incur up front legal, surveying and highway modelling fees which are proposed to be offset against any future disposal proceeds.

Recommendations:

Cabinet is requested to recommend that the Council:

1. Approve that negotiations continue with Roxhill for the Council to enter into a development agreement where it will dispose of a 999 year leasehold interest in land at best consideration to enable the comprehensive development of Coventry and Warwickshire Gateway.
2. Delegate authority to the Director of City Services and Development and the Director of Finance in consultation with Cabinet Member for City Development to finalise the financial terms of the leasehold transfer of the Council's land.
3. Delegate to the Director of City Services and Development the negotiation of vacant possession of part of the Council's land within Coventry and Warwickshire Gateway.
4. Approve the upfront costs of sale which will be recovered from the sale proceeds should the disposals proceed.

Council is recommended to:

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2. Delegate authority to the Director of City Services and Development and the Director of Finance in consultation with Cabinet member for City Development to finalise the financial terms of the leasehold transfer of the Council's land.
3. Delegate to the Director of City Services and Development the negotiation of vacant possession of part of the Council's land within Coventry and Warwickshire Gateway.
4. Approve the upfront costs of sale which will be recovered from the sale proceeds should the disposals proceed.

List of Appendices included:

Plan of Coventry and Warwickshire Gateway

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

Will this report go to Council?

Yes – 23rd October 2012

Report title: Coventry and Warwickshire Gateway

1. Context (or background)

- 1.1 Coventry and Warwickshire Gateway is a major new development of strategic importance for Coventry and Warwickshire and the wider region, The multi million pound scheme is designed to deliver up to 14,000 new jobs on a circa 450 acre (182 ha) site adjoining the A45 including St Modwen's site at Whitley to the North and the Council's land etc adjacent to the airport to the south. The scheme will comprise approximately 3.5m Sq.Ft. of B2 manufacturing and B8 warehousing accommodation together with 1m Sq.Ft. of, B1b research and development and B1c light industrial, generating significant additional business rate growth for the region.
- 1.2 As well as delivering up to 14,000 new jobs at the Gateway development the project also enables the St Modwen / Jaguar Land Rover (JLR) site at Whitley to expand by delivering new infrastructure from the Gateway site through the development. The site is currently constrained by the Whitley junction which in turn is prohibiting the growth of both the JLR's corporate HQ and the development of the rest of the site. The Gateway scheme delivers a new infrastructure solution that greatly improves the Whitley junction and enables JLR / St Modwen to fully develop their land bringing further investment benefits to the area in the order of 2,000 new jobs.
- 1.3 The Gateway scheme also brings the benefit that it will, at the developers cost, deliver the remediation of land owned by Severn Trent Water included in the scheme. The site which is scheduled for closure has in the past caused problems with leakage into the local water course and needs to be remediated.
- 1.4 The Council is currently negotiating with the developer, Roxhill, to agree terms that would provide certainty to both sides that in return for a consideration the Council would transfer the freehold of its land.
- 1.5 It is intended that the Council would enter into a development agreement that would establish the best value for its landholding taking into consideration the infrastructure to be provided and reflecting a return to the developer for the risk the developer is undertaking with a significant investment in a speculative planning application.

2. Options considered and recommended proposal

- 2.1 At the current time the Highways Agency have announced a £100m major road scheme that will greatly improve Tollbar junction, producing a grade separated solution to ease traffic congestion. The Highway Agency will undertake any compulsory purchase orders that are necessary for its scheme. A significant amount of work has been undertaken to ensure that the Highways Agency scheme compliments the infrastructure proposed for the site and following a number of changes both parties are happy that the two schemes can be implemented together successfully provided that there is some security the Gateway scheme will come forward in the appropriate timescale.
- 2.2 **Not to agree terms to sell land to Roxhill to accommodate the development** – Were the Council not to enter into negotiations with Roxhill, the scheme could not proceed as the development relies on access from the A45 which passes across the Councils land. As such it is unlikely that Roxhill would want to proceed with making a speculative planning application on this land and the opportunity would probably be lost or significantly diminished.
- 2.3 **Recommendation** – The current heads of terms agreed with Roxhill provide that the leasehold interest in the Councils landholding will be valued in advance of any development and that such landholding will be transferred to Roxhill in return for a capital

sum paid at the commencement of the development. It is considered that, subject to agreeing the value of land, this is the best option for the Council to both secure development of the scheme and obtaining best value for the Councils land.

3 Results of consultation undertaken

- 3.1 Any development on the Site will require planning permission and as part of this process, the local community and local stakeholders will be informed and consulted about the proposals for the Site.

4. Timetable for implementing this decision

- 4.1 Providing Member approval is secured, legal documentation should be completed and the value agreed prior to development commencing in 2013

5. Comments from Director of Finance and Legal Services

5.1 Financial implications

- 5.1.1 The commercially sensitive financial implications for Coventry City Council are dealt with within the private part of your report.

5.2 Legal implications

- 5.2.1 The Council's officers consider that the base price and profit share agreed are considered to be the best that can be reasonably obtainable under section 123 of the Local Government Act 1972 and therefore satisfy the Council's obligation to obtain best consideration.

- 5.2.2 The Development Agreement will be conditional upon securing full planning consent for the project and vacant possession of part of the land within the scheme

- 5.2.3 The Council in disposing of its leasehold interest will, through the agreement impose a clause ensuring the land is used for the purposes detailed in the agreed planning permission, enforceable by forfeiture of the lease.

- 5.2.4 The Council will be negotiating part surrenders of agricultural tenancies and wherever possible relocating tenants elsewhere.

6. Other implications

None

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)?

- 6.1.1 The capital receipt will contribute towards corporate resources and once the Site has been developed it is likely to contribute towards providing a good choice of jobs and business opportunities for all the city's residents.

6.2 How is risk being managed?

- 6.2.1 The risks to this project are that the scheme does not get planning or proceed in which case the Council will be exposed purely to the cost of fees in preparing a suitable development agreement.

6.3 What is the impact on the organisation?

6.3.1 The impact on the organisation is minimal, however it will generate work for Finance and Legal Services in preparing documentation, Highways in preparing any modelling and ensuring the infrastructure links to the re provision of the Tollbar junction works and the Development team in agreeing terms with the developer.

6.4 Equalities / EIA

An Equality Impact Assessment has not been undertaken as the proposal concerns the disposal of land for commercial or residential development and no group has use of the land which falls within the protected characteristics of the Equality Act 2010 will be impacted.

6.5 Implications for (or impact on) the environment

6.5.1 The impact of the scheme will be minimised with large landscaping bunds between the development and the surrounding villages. Further access to Bagington Village is likely to improve following the development as new infrastructure is intended to be provided that will see heavy goods vehicles diverted from the village.

6.6 Implications for partner organisations?

Warwick District Council, Warwickshire County Council and the LEP all fully support this scheme.

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