



Coventry City Council

Public
Cabinet

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 contains information relating to the identity, financial and business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.

Cabinet

27 August 2024

Name of Cabinet Member:

Cabinet Member for Jobs, Regeneration and Climate Change
Councillor J O'Boyle

Director approving submission of the report:

Director of Property Services and Development

Ward(s) affected:

Holbrook

Title:

Disposal of Land and Buildings, Burbages Lane, including land and buildings formally known as Rowleys Green Working Men's Club.

Is this a key decision?

Yes – There is the potential for the total receipt for the sale to be in excess of £1m.

Executive summary:

The Rowleys Green Working Men's Club was formerly a private member's club. It is no longer in use.

The subject property is a site of approximately 1.5 acres laid out to car park and landscaping with a two storey brick built derelict structure. It is currently unused other than for occasional parking and storage.

The freehold site is held by the Council the majority of which is subject to a long lease to a property developer.

There is existing planning permission for a drive through restaurant.

The developer who holds the long lease wishes to develop the site for drive through use.

The West Midlands Combined Authority (WMCA) has secured funding through the EVCATS (Electric Vehicle Charging Area Transit Scheme) programme and intends to develop a high speed electric charging station together with ancillary restaurant and retail facilities.

This report seeks authority to dispose of the Council's freehold interest in this site to the WMCA.

Recommendations:

Cabinet, subject to the consideration of the additional confidential information contained in the corresponding private report, is recommended to:

1. Approve the freehold disposal of the site to the WMCA.
2. Delegate authority to the Director of Property Services & Development, following consultation with the Director of Finance and Resources and the Director of Law and Governance, to negotiate and finalise the terms, to undertake the necessary due diligence and complete all necessary legal documentation to facilitate the completion of the transaction.
3. Delegate authority to the Director of Property Services & Development, following consultation with the Cabinet Members for Jobs, Regeneration and Climate Change and the Cabinet Member for Strategic Finance and Resources, to approve and accept future overage and any other payments.

List of Appendices included:

The following appendices are attached to the report:
Appendix 1: Plans

Background papers:

N/A

Other useful documents

N/A

Has it or will it be considered by Scrutiny?

No

Has it or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Disposal of Land and Buildings, Burbages Lane, including land and buildings formally known as Rowleys Green Working Men's Club.

1. Context

Location

- 1.1 The site is located to the West of the A444, north of the CBS Arena Roundabout with Winding House Lane and Judds Lane. There is access from Burbages Lane.
- 1.2 The location has good frontage and visibility to key arterial roads which makes it a good location for a drive through and also for an EV charge point operator.
- 1.3 The property is within the Greenbelt.

The Property

- 1.4 The property, outlined red in Appendix 1, forms a freehold site comprising the Working Men's Club area subject to a long lease, and other adjacent land.
- 1.5 The site of the Working Mens Club was formally laid out with landscaping, car parking and a 1970s brick built two storey building. The building has not been measured, due to its poor condition preventing access, but it is understood to extend to approximately 5,000 sq ft.
- 1.6 Access to the site is from Burbages Lane.
- 1.7 The Club closed in 2011 and has not been used since, other than for informal parking and storage. It is understood that money is collected for event and match day parking at the CBS Arena. Much of the landscaping has been cleared and the site lies semi-derelict and overgrown.
- 1.8 There have been several planning applications relating to the site. The most recent and relevant application was granted by Coventry on 11 September 2023. The application is for the "demolition of the former Working Men's Club and the construction of a drive-thru restaurant/hot food takeaway (sui generis), with associated vehicular access, drive through lane and new access to adjacent site, as well as car parking, landscaping and other associated infrastructure works".
- 1.9 The grant of planning consent potentially increases the value of the site provided that the freeholder and the long lease holder can agree a mechanism for implementing any development and sharing in the uplift in value. This uplift in value will be shared with the Council in accordance with clause 5.15 below.
- 1.10 There is a long lease which covers part of the site is held by a property developer.

Proposed Scheme

1.11 The proposed WMCA development will provide a minimum of 20 high speed electric vehicle charging points together with ancillary retail space. Much like a petrol station – but for electric vehicle charging. The drive through is required alongside the charging station as this provides catering facilities which people will be able to access while using the charge points.

Deal Structure

1.12 The deal structure is as follows:-

- The freehold interest (subject to the long leasehold interest) of the site is sold to the West Midlands Combined Authority (WMCA). The initial price to be paid has been independently valued and meets with the best value requirements of S123 of the Local Government Act 1972.
- The WMCA promotes the development of the site for the Proposed Scheme.
- The WMCA negotiate terms with the long leaseholder to alter the existing agreement to facilitate the development, finalised by either a Deed of Variation or extinguishment of the lease.
- The WMCA employs a contractor to build out the Proposed Scheme.
- In addition to the price paid by the WMCA for the land there is a potential for additional overage payment to be received by the Council based on the value of the final development. An overage mechanism is generally used to facilitate the ability of a seller to share in any increases in value in a property that has been realised after the property has been sold. For example, a seller may negotiate an overage obligation from the buyer where there is a reasonable expectation that the land may be redeveloped or that a valuable planning permission may be granted in the future.

1.13 To protect the Council's interest, provisions will be inserted in the legal agreement to allow the option to 'buy back' the site after five years if the WMCA is unable to obtain planning permission or deliver the Proposed Scheme during this period.

1.14 The WMCA will be taking the financial risk of the arrangements with the long leaseholder and bearing the costs of facilitating and delivering the scheme.

1.15 The WMCA funding model requires holding the freehold of the land, hence the request to transfer the freehold interest. Although the Council rarely considers the sale of freehold interests, given the public interest value of providing the EV chargers and the limited strategic importance of the site to the Council the disposal is recommended.

1.16 The social and economic benefits of promoting the scheme include;

- Bringing an underutilised site back into use

- Regeneration of a derelict site
- Job creation
- High speed electric vehicle charging over and above what might be delivered by the private sector

1.17 The proposed deal is not in the capital programme.

2. Options considered and recommended proposal

Option 1 – Do Nothing

- 2.1 There is no additional risk in a do nothing approach. The Council would retain the property and continue to collect the rent.
- 2.2 It is likely that the do nothing approach would prevent any regeneration of the property and in particular the EVCATS would not be delivered and there would be no improvement of the financial position.

Option 2 – Re-gear or dispose to the existing long leaseholder

- 2.3 The property developer who holds the current long lease has expressed an interest in a re-gear or disposal to facilitate the development of the site for drive through use. This may be the quickest route but puts the provision of EVCATS at risk.
- 2.4 This option has been discounted as a strong receipt and the EVCATS can be secured by following the recommended approach.

Option 3 – Recommendation – Dispose to the WMCA

- 2.5 The recommendation is to sell the site to the WMCA on the terms proposed within this report.
- 2.6 This approach will provide at least a market value receipt together with an overage whilst delivering the Proposed Scheme with its Public Interest benefits.

3. Results of consultation undertaken

- 3.1 No public consultation has been undertaken.

4. Timetable for implementing this decision

- 4.1 Legal documents are being prepared and the transaction will proceed with a target for execution of the legal documents of ten working days.

5. Comments from the Director of Finance and Resources and the Director of Law and Governance

5.1 Financial implications

5.1.2 The financial implications of this transaction include a receipt for the initial price and an overage. Loss of the existing rental income must also be considered.

5.1.3 The property has been independently valued and meets with the requirements of S123 of the Local Government Act and best value.

5.1.4 The overage provision is based on the value of the land with the benefit of the planning permission that the WMCA will obtain. The WMCA will take their costs out before the split is made.

5.1.7 The capital receipt and the overage will contribute to council corporate resources.

5.2 Legal implications

Property

5.2.1 The Council has the power to dispose of land pursuant to section 123 of the Local Government Act 1972. This section provides that the Council is not permitted to dispose of land at less than the best consideration that can reasonably be obtained without obtaining Secretary of State consent.

5.2.2 External valuation advice has been obtained which confirms that the initial price to be received by the Council is in line with the current market value of the land under its current use. In addition, the Council has also secured overage provision to ensure that it receives additional financial benefits in any future uplifts on land value.

5.2.3 It should also be stated that this is purely a land disposal, the Council is not obliged to pursue an OJEU process under the Public Contracts Regulation 2015. This is because the proposal is to enter into an agreement where the main object is land disposal and no services are to be provided by the potential purchaser to the Council for payment.

5.2.4 Officers will prepare and complete the necessary legal transfer which will ensure that the Council's interest is adequately protected.

6. Other implications

6.1. How will this contribute to the One Coventry Plan?

The receipt and overage payment will contribute towards corporate resources and the medium term financial plan. The proposal will bring an otherwise underutilised site back into meaningful use creating jobs, economic growth and improvements to the built environment. The inclusion of EVCATS will secure a resource that will benefit electric car users with the arguable positive affect to the environment.

6.2. How is risk being managed?

The risks associated with the proposals are largely passed on the WMCA, with a buy back provision benefiting the Council if the scheme fails.

6.3. What is the impact on the organisation?

There is an impact on the budget of the Property and Development service as the income currently received for the site will be lost but the service area will still be expected to achieve this income through over performance within the rest of the portfolio.

6.4. Equalities / EIA?

6.4.1 An Equality Impact Assessment (EIA) has been considered with a full EIA not required as the proposal is effectively a property transaction where the Council has limited immediate property interests.

6.5. Implications for (or impact on) climate change and the environment?

EVCATS would otherwise not be provided.

6.6. Implications for partner organisations?

N/A.

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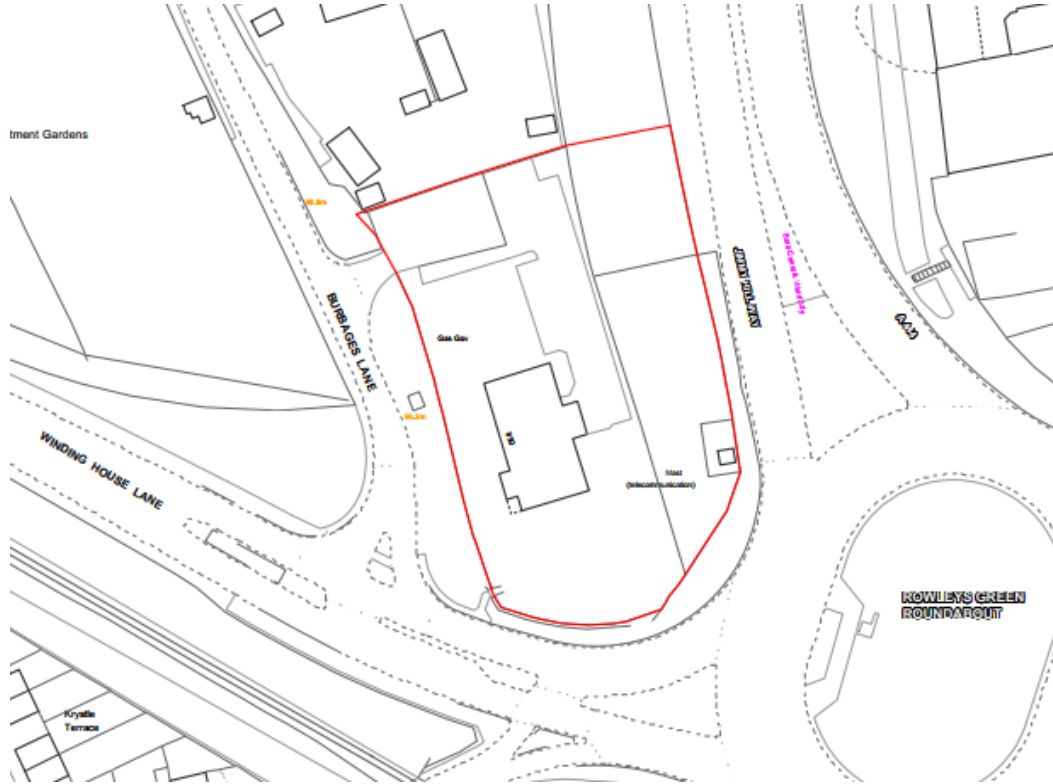
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Director: Richard Moon	Director of Property Services and Development	Property Services and Development	24/17/24	29/07/2024
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This report is published on the council's website: www.coventry.gov.uk/meetings

APPENDIX 1

Plan to illustrate the land (Edged red).



Not to scale,
For information
purposes only
Red line subject to
final confirmation

