

---

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

11 February 2025

**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:**

Westwood

**Title:**

**Disposal of Land Torrington Avenue, Coventry**

---

**Is this a key decision?**

Yes – The proposals have financial implications of over £1m

---

**Executive summary:**

This report outlines a request Sandvik Uk Limited (Sandvik) to acquire the freehold of land which they currently lease from the Council.

The leased land currently forms part of a larger site formally occupied and operated by Sandvik. Sandvik own the freehold of the adjoining land which makes up the remainder of the site.

The Council owned land extends to 1.86 acres (0.754 hectares), circa 30% of Sandvik's total site area, See Appendix 1 to the report.

Sandvik's current lease from the Council expires on 5<sup>th</sup> May 2065.

The Council's land is only accessible by vehicles from the adopted highway across the Sandvik owned land.

Sandvik took a strategic business decision to close their Coventry facility and relocate its operation back to Sweden. The facility in Coventry is now closed and Sandvik are looking to dispose of their land interests in Coventry.

The market research undertaken by Sandvik's property agent, corroborated by the Council's own independent property advice, it is clear that the redevelopment of the site would be rendered much more challenging by their being a mix of freehold and long leasehold interest.

Accordingly, the optimum option to drive value from the site, maximising returns for the Council and delivering commercial business investment into the city in a timely manner is to permit the freehold sale of the land for commercial redevelopment in these particular circumstances.

To protect the Council's financial position in any future redevelopment as well as strategically maintaining the land for employment purposes, it is recommended that any transfer of the Council's land should include a restrictive covenant preventing the land from being used for any purpose other than for commercial uses, therefore preventing a residential development in this location.

This report seeks authority to proceed with a freehold disposal of the Council land which is currently leased to Sandvik.

### **Recommendations:**

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

- 1) Approve the freehold disposal of the land.
- 2) Delegate authority to the Director of Property Services and Development, following consultation with the Director of Finance and Resources (S151 Officer) and 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 and 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 any other payments and any minor alterations or adjustments to the scheme or project.

**List of Appendices included:**

The following Appendix is attached to the report:  
Appendix 1: Site plan

**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 Torrington Avenue, Coventry**

### **1. Context**

#### **Location**

- 1.1 The subject property is located on the northern side of Torrington Avenue, between Templar Avenue, Standard Avenue and Westcotes.
- 1.2 The Council owned land is located to the rear of the Sandvik site and doesn't have a road frontage or direct access to the adopted highway.
- 1.3 Torrington Avenue has historically been a commercial business location, predominantly industrial, although over recent years there have been a diversification of uses along the road with residential and education facilities appearing.
- 1.4 The Plan at Appendix 1 to the report indicates the location of the subject site shown edged blue and indicates the extent of the freehold land owned by Sandvik shown edged red.
- 1.5 The plan at Appendix 1 to the report also demonstrates that access to the Council's leased land with vehicles from the adopted highway can only be achieved by crossing the land within the ownership of Sandvik. Therefore, the Council land that is the subject of this report is effectively 'landlocked'.

#### **The Property**

- 1.6 The Council's land forms a freehold site of approximately 1.86 acres (0.754 ha). There are industrial buildings constructed on the land, of which a specific building straddles both the leased Council land and Sandvik's own freehold land.
- 1.7 Currently the land is leased to Sandvik under a long lease which has approximately 40 years remaining. The current passing ground rent is identified in your private report.
- 1.8 With Sandvik wishing to sell their freehold site due to their structural business model change, the current industrial and office accommodation is aging and less suitable for modern business activity. Reinvestment in the land by future development will be required. To facilitate this, it is recommended in these exceptional circumstances to permit the freehold disposal.
- 1.9 The issues of access to and from the Council land limits the Council's options and opportunities from the site.

#### **Proposed Scheme**

- 1.10 The main benefit of the proposal to dispose of the freehold interest of the Council's land is that it will combine both the Sandvik and Council sites on the same freehold basis, potentially attracting the widest and most competitive business purchasers/ developers in due course. It enables the Council to benefit in sharing in the improved 'marriage value' generated from the sale of the combined sites.

- 1.11 The proposed sale also addresses and removes the future risk relating to the challenges that the Council would have to deal with around accessibility to and from the Council's land, which without access reduces its value.

### **Terms of Transaction**

- 1.12 The proposed terms for the disposal are outlined in the private report.

## **2. Options considered and the recommended proposal**

### **Option 1 – Do Nothing**

- 2.1 Let the existing lease between the council and Sandvik continue and not dispose of the freehold in the land. Whilst this would retain the site and ground rent income, it will limit the future income from the Council land as it may not form part of the wider Sandvik land redevelopment. Future rent will be limited, and the effluxion of time and inflation will reduce the value of the income receivable. In addition, as such the land will lose its ability to be accessed from the adjacent land with separate owners / occupiers, detrimentally affecting the freehold value of the Councils land into the future.
- 2.2 This option will also limit the potential financial investment, and the opportunity for comprehensive redevelopment providing modern business accommodation across the wider area, maximising job creation and the delivery of new business investment into the area.

### **Option 2 - Sale of the Council's freehold Interest**

- 2.4 Due to the Council owning a minor interest in the current Sandvik's operational site the sale of the Council's freehold interest will maximise the return receivable now for the land financially, as the combined redevelopment with Sandvik's adjoining freehold site together creates additional value rather than if both sites were developed separately.

### **Option 3 - Re-gear or Dispose to the Existing Long Leaseholder**

- 2.6 The property advice provided by the Council's independent property advisors, Avison Young, corroborated by the soft market testing undertaken by Sandvik indicates that developers / investors looking to acquire both interests in the Sandvik and Council owned land will only do so if they are able to acquire the whole site on a freehold basis. It doesn't provide the best returns having a small part of the site leased from the Council.
- 2.7 The valuation advice provided directs the Council to consider a freehold disposal maximising the capital value from the Council's land now and benefiting from a share in the increased value of combining both the Sandvik and Council interests together.
- 2.8 Continuing to hold the land and current lease, increases future risks around the long-term value of the Councils asset.

## **Option 4 - Acquire the Sandvik Land**

- 2.9 The option to acquire the adjoining Sandvik land was considered but is not being recommended. The level of financial risk required to assemble a development site was considered too great, when assessed against the time required to package the land, managing environmental risk, marketing the opportunity, securing the development partner and any planning approvals required.
- 2.10 It is considered that the private sector is better placed to achieve the reuse / development of the site.

### **Recommendation – dispose of the freehold interest**

- 2.11 The recommendation is to sell to Sandvik the freehold interest of the Council's land currently held under the terms of the long lease to Sandvik on the terms proposed within this report.
- 2.12 This approach will provide market value receipt by benefiting from a share in the 'marriage value' of combining both sites together rather than dealing with them separately.

## **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 could proceed with a target for execution of the legal documents within ten working days from approval to the recommendations in this report.

## **5. Comments from the Director of Finance and Resources (Section 151 Officer) and the Director of Law and Governance**

### **5.1 Financial implications**

- 5.1.1 The commercially sensitive financial terms relating to this proposal are available in your private report.
- 5.1.2 The proposed values recommended have been independently valued by external property consultants for the purposes of representing and achieving 'best consideration' for the land. The current ground rent income generated from the site will no longer be received following the sale, but this is reflected in the capital receipt received.

## **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 can dispose of land in any manner it wishes, except it 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 The consideration payable to the Council for the freehold sale of the Council's land and represents best value reasonably obtainable by the Council. This meets the Council's obligations to obtain best value under the requirements of section 123 of the Local Government Act 1972
- 5.2.3 Officers within the Place Directorate (Legal Services) will complete the necessary legal documentation effecting the freehold disposal of the Council's land and will collect payment of the agreed consideration.

## **6. Other implications**

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

<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>

The capital receipt will contribute towards corporate resources and the medium-term financial plan. The proposal will bring a vacant industrial site back into use creating the opportunity for new investment, jobs, industrial economic growth, and improvements to the built environment.

### **6.2. How is risk being managed?**

The risks associated with the proposals and future use and development of the industrial land is passed to the new owners of the combined site.

### **6.3. What is the impact on the organisation?**

There will be a change to the revenue received by the Council as a result of the disposal. However, on balance the securing of the capital payment is deemed to outweigh that impact on the organisation.

### **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 no immediate property interest.

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

N/A

**6.6. Implications for partner organisations?**

N/A



**Report author:**

**Name and job title:**

Paul Beesley  
Head of Development, Disposal and Acquisitions

**Directorate:**

Property Services and Development

**Tel and email contact:**

Tel: 024 7697 6746  
Email: paul.beesley@coventry.gov.uk

Enquiries should be directed to the above person

<b>Contributor/approver name</b>	<b>Title</b>	<b>Service Area</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Michelle Salmon	Governance Services Officer	Law and Governance	15/01/25	16/01/25
Abi Lawal	Lead Accountant – Capital	Finance and Resources	15/01/25	16/01/25
<b>Names of approvers for submission: (officers and members)</b>				
Tina Pinks	Finance Manager	Finance and Resources	15/01/25	16/01/25
Julie Sprayson	Deputy Team Leader, Legal Services	Law and Governance	15/01/25	16/01/25
Adam Hunt	Strategic Lead – Property and Development	Property and Development	16/01/25	17/01/25
Richard Moon	Director of Property Services and Development	-	16/01/25	17/01/25
Councillor J O’Boyle	Cabinet Member for Jobs, Regeneration and Climate Change	-	17/01/25	20/01/25

This report is published on the council's website: [www.coventry.gov.uk/council-meetings](http://www.coventry.gov.uk/council-meetings)

# APPENDIX 1

