
Cabinet
Council

30 September 2025
14 October 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 affected:

Wyken

Title:

Long Leasehold Disposal of Asset at Binley Business Park

Is this a key decision?

Yes - the proposals involve financial implications in excess of £1m.

Executive summary:

Binley Business Park is an established business park in the East of Coventry. The Council holds the freehold interest of the park with various parts let on short or long-term leases. The business park totals approximately 45 acres and offers office accommodation set in landscaped grounds in a strategic location.

This report seeks approval to the disposal of an office building, Oakfield House, for continued office use on a long leasehold basis to the existing tenant, Coventry Building Society (CBS). The disposal is in accordance with best asset management practice and supports a key existing occupier and employer operating within the city.

It is proposed that CBS will pay to the Council the sum of £3 million by way of a lease premium upon the completion of the new long lease. Thereafter the annual rent will be a peppercorn alongside the payment of an estate service charge.

The proposed transaction represents best value for the City in terms of financial value and supporting a local business.

Recommendations:

Cabinet is requested to recommend that Council:

- 1) Approves the disposal of a new long leasehold interest to the existing tenant Coventry Building Society (CBS), for continued office use, at Oakfield House, Binley Business Park, for £3m (three million pounds).
- 2) Delegates authority to the Director of Property Services and Development, the Director of Law and Governance, and the Director of Finance and Resources, following consultation with the Cabinet Member for Jobs, Regeneration and Climate Change, to conclude the terms of the transaction and legal documentation for the long leasehold transfer and any associated matters.

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List of Appendices included:

Appendix 1 – Plan of Oakfield House

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?

Yes – 14 October 2025

Report title: Long Leasehold Disposal of Asset at Binley Business Park

1. Context

The Property

- 1.1 Binley Business Park is an established business park located in the east of Coventry. Oakfield House provides approximately 25,600 sq ft of office accommodation over two floors. The building was constructed in the 1990s and is currently single occupied as a 'Head Quarters' style building. The property for disposal includes the office building, parking and grounds.

The Existing Tenant

- 1.2 Oakfield House is currently leased by the Council to CBS under a lease dated 1st June 2018 for a term from 9th February 2016 expiring 23rd June 2025. The existing lease has expired, and CBS are currently 'holding over' - continuing to occupy under the terms of the existing lease. The lease is protected by the Landlord and Tenant Act 1954 providing CBS a right to a renewal lease based on existing terms. CBS advise they will not take a renewal lease and will only proceed with continuing to occupy Oakfield House on a long lease or other sale basis.
- 1.3 CBS is a member owned building society. They employ over 2,000 people with a significant number based at Binley, including at Oakfield House and the two adjacent office buildings. CBS are committed to Coventry; they plan to invest in the building to improve the building's environmental credentials and reduce their carbon footprint as part of their Climate Change Action Plan.

Tenure

- 1.4 The proposal is to dispose of the property via a new long lease, restricted to office use for a premium of £3m. The final, detailed terms of the lease are to be agreed and finalised between the Council and CBS and will follow the existing long leases on the business park.

2. Options considered and recommended proposal

Option 1 – Do Nothing (Not Recommended)

- 2.1 CBS are a key employer and stakeholder within Coventry. In order to meet their operational office needs and environmental, social and governance requirements significant investment is required to Oakfield House to upgrade to a contemporary standard and to reflect modern workplace requirements. A do-nothing approach will likely result in CBS leaving the building as it is not suitable for their needs without significant investment. This would leave the Council with a vacant older building which would not re-let as it stands. The Council owns a number of these type of 1990s era office buildings in suburban locations within Coventry, and they are increasingly characterised by high levels of vacancies which has a negative impact on income and cost performance for the Council. Given this context, a do-nothing approach is not recommended.

Option – 2 Retain the building and re-new the existing lease to Coventry Building Society under the Landlord and Tenant Act 1954 Part II (Not Available)

- 2.2 The Council would like to retain CBS as its tenant and has sought to reach an agreement with them in respect of terms for a new occupational lease, with the Council investing in the modernisation of the building on commercial terms. However, terms could not be agreed between the parties to justify the level of capital investment CBS state is required to enable their continued occupation. Therefore, there is no renewal lease option available on commercial terms.

Option – 3 Retain the building and re-let in the market (Not recommended)

- 2.3 Oakfield House is an older building in a declining sector (suburban office buildings) and requires significant (multi-million pound) capital spend to modernise and re-position to compete with the newer quality office products available in Coventry (the city centre in particular). In the present market the capital investment required is not commensurate to the likely investment returns. Even with investment in the building there is a high risk of a long void period and associated vacant holding costs. Given that the current market for secondary office space is very challenging, the high costs and risks discount this option.

Option – 4 Sale of a long lease to CBS (Recommended)

- 2.4 CBS are an important business in Coventry, a major employer and strategic stakeholder in the city. There are clear benefits to retaining their business in its current location. Commercially, the sale of the long lease represents best value to the Council as a significant capital receipt will be received, there is no requirement for capital expenditure and no risks associated with holding and letting vacant property.
- 2.5 It is therefore recommended that a long lease be granted to CBS in consideration of the payment to the Council of the agreed lease premium of £3 million upon the completion of the lease.

3. Results of consultation undertaken

- 3.1 No public consultation in relation to the sale has been undertaken. The transaction is the sale of an existing building held as a commercial property investment on market terms, where the sale will support a local business.

4. Timetable

- 4.1 If approved, it is anticipated that the transaction will complete in October 2025.

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

5.1 Financial implications

- 5.1.1 The financial implications of the sale include the loss of a rental receipt balanced by the capital receipt of £3m. The fees and costs associated with the transaction will be discounted from the receipt.
- 5.1.2 If the current lease is terminated there is a requirement for a capital spend in order to re-let the building and significant vacant holding costs. These will effectively be transferred to the tenant once the new long lease completes.
- 5.1.3 The £3m from the long lease/sale of site will contribute the Council's corporate capital receipts.

5.2 Legal implications

- 5.2.1 The Council has the power to dispose of land and is required to obtain the best consideration reasonably obtainable, in accordance with the provisions of S.123 of the Local Government Act 1972 (the Act).
- 5.2.2 The disposal will be of a long leasehold interest; the use being restricted to office use compatible with the remainder of the Business Park and in line with the current permitted user. The terms of the lease will mirror those of other long leases at the Business Park and in particular the adjacent office building, Godiva House.
- 5.2.3 The Council's agents, Lambert Smith Hampton, have confirmed that the transaction represents best consideration in accordance with the Act.
- 5.2.4 Officers within Legal Services will prepare and complete the necessary long lease and will collect the agreed lease premium.
- 5.2.5 Acting on the recommendations is within the Council's powers.

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>

This proposal to both support a key local business, and generate a financial return will support two key One Coventry Plan objectives: Improving the economic prosperity of the city and region, and; ensuring the continued financial sustainability of the Council.

6.2 How is risk being managed?

As a commercial investment transaction, where the Council is disposing, risks to Coventry Council are limited once the disposal completed.

6.3 What is the impact on the organisation?

There will be a capital receipt, but revenue income (rent) will be reduced.

6.4 Equalities / EIA?

- 6.4.1 An Equality Impact Assessment (EIA) has been considered. A full EIA is not required as the proposal is a commercial property transaction.

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

Coventry Building Society intend a full modernisation program, which will include de-gasification and the introduction of renewable power generation and battery storage. The Building Society is committed to investing in climate change measures across their estate.

6.6 Implications for partner organisations?

N/A

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Appendix 1 - Plan - Red line indicates Oakfield House, the property for disposal.

