

Cabinet

11 April 2019

Building Acquisition Nuneaton

Recommendation

That Cabinet supports the contribution by the County Council of £1,500,000 from the Capital Investment Fund to Nuneaton and Bedworth Borough Council ("NBBC") to support the acquisition by NBBC of the Co-operative Building, Nuneaton (shown edged with a black line on the Plan attached to the report as the appendix), as part of the Transforming Nuneaton programme subject to being satisfied as to the proposed commercial arrangements as set out in the separate exempt report.

1. Background

- 1.1. Abbey Street development site (see appendix) is one of the key investment opportunities in Nuneaton town centre. The majority of the site is in the ownership of Nuneaton and Bedworth Borough Council (NBBC) and they have been leading on the development of a leisure based scheme for the site.
- 1.2. As part of the wider Transforming Nuneaton Programme the Board intend that this leisure based project will regenerate the western end of Nuneaton Town Centre by improving connectivity between Abbey Street and Queens Road creating new public spaces with improved public realm, supporting existing businesses and jobs, creating new employment opportunities, and supporting the diversification and sustainability of the Town Centre economy, particularly the evening economy. NBBC are proposing direct development of the site. The economic benefits from bringing these leisure uses into the Town Centre will be substantial.
- 1.3. The delivery of this leisure led scheme is intended, subject to NBBC approvals, to:
 - bring in significant direct investment into Nuneaton town centre alongside anticipated deliverables
 - create new jobs
 - develop new commercial space
 - result in an increase in Gross Value Added (GVA)

2. Key Issues

- 2.1. The development proposals for this part of Nuneaton will require NBBC to borrow significant sums to build out the scheme and see it through to completion.

- 2.2. Financial support has been requested from WCC by NBBC to support the initial costs associated with the purchase of the former Co-Op Department Store (and associated properties), demolition and remediation of the site within a relatively short timescale.
- 2.3. The Co-op building forms a key part of the site for the leisure scheme, alongside the Abbey Street car park which is in NBBC's full ownership, and it is therefore essential that the site was secured and demolition / remediation works now progress.
- 2.4. The request to WCC for support with the purchase is ahead of NBBC completing their full business case for the wider development scheme.
- 2.5. The WCC capital contribution to the acquisition cost of the land/site may have minimal or nil return on the investment made due to the low values associated with the scheme. No interest will be collected on the £1.5m however the NBBC proposal is that WCC/NBBC share income from retained shop units until the development proceeds, and an ongoing share of the profit from the developed site. However, the main case for WCC making a contribution is the impact of the scheme on the wider Transforming Nuneaton plan.

3. Options and Proposal

- 3.1. A range of options to support NBBC in the acquisition have been explored and for each option the risk/reward relative to WCC has been considered. The preferred option, the risk analysis and the principles which will underpin this arrangement with NBBC are detailed in a separate (exempt) report which is also on this agenda. This sets out how the Council's monetary contribution of £1.5m will be protected.
- 3.2. The development scheme and delivery of it will be monitored through the established Transforming Nuneaton Programme Board, a joint Board between the two Authorities, and WCC will be one of the main stakeholders for consultation purposes as it develops.

4. Capital Investment Fund (CIF) Panel Assessment

- 4.1. A bid for the £1.5m funding was assessed by a CIF Panel in March 2019. The Panel's scores against the agreed CIF criteria are shown below:

- | | |
|---|---------|
| • Fit to the organisation's strategic objectives: | 13.8/15 |
| • Financial viability: | 17.4/30 |
| • Asset enhancement (Economic Growth): | 25.2/45 |
| • Political, social and environmental impact: | 8.4/10 |

This leads to a total score of 64.80 out of 100.

- 4.2. The Panel was satisfied that, based on the draft Heads of Terms provided, the risk

to WCC's principal investment was low. The £1.5m would be secured against NBBC's delivery of the scheme in a number of ways.

4.3. In terms of the economic regeneration of the area, the scheme's anticipated return represents a very good return to WCC on an investment of £1.5m. Furthermore, the scheme is a cornerstone in the broader Transforming Nuneaton proposal and the Panel was satisfied that there was potential for additional benefits from its completion. However, the scheme will need very careful and proactive management. NBBC will manage the project with oversight from the Transforming Nuneaton Board on which WCC has joint representation.

4.4. In summary, while the Panel recognises that there are risks associated with delivering the planned economic returns, it is satisfied that WCC's contribution is reasonably well-protected and so is recommending that Cabinet approve the scheme.

Background papers

None

	Name	Contact Information
Report Author	Catherine Marks and Helen Arkell	catherinemarks@warwickshire.gov.uk Tel: 01926 418621 helenarkell@warwickshire.gov.uk Tel. 01926 738350
Assistant Directors	Sarah Duxbury Stuart Jackson	sarahduxbury@warwickshire.gov.uk Tel. 01926 412090 stuartjackson@warwickshire.gov.uk Tel. 01926 2422
Strategic Director	Mark Ryder	markryder@Warwickshire.gov.uk Tel. 01926 412811
Portfolio Holder	Izzi Seccombe Peter Butlin	cllrseccombe@warwickshire.gov.uk cllrbutlin@warwickshire.gov.uk

The report was circulated to the following members prior to publication:

Councillors Singh Birdi, Timms, Roodhouse, Chilvers, O'Rourke, Butlin, Chattaway

Item 7 Appendix - Heart of England Co-op and Associated Properties, Nuneaton

