

# Proof of Evidence of K C Hardman BSc.(Hons.) FRICS

Dated: December 2022

ROYAL LONDON MUTUAL INSURANCE SOCIETY  
LIMITED AS OWNERS OF THE LONGLEASEHOLD  
INTEREST IN LOWER PRECINCT AND THE RETAIL  
MARKET, COVENTRY

IN RESPECT OF

THE COUNCIL OF THE CITY OF COVENTRY (CITY  
CENTRE SOUTH) COMPULSORY PURCHASE ORDER  
27 APRIL 2022



## **Contents**

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<b>1</b>	<b>Summary</b>
<b>2</b>	<b>Introduction</b>
<b>3</b>	<b>Impact of the Scheme on Lower Precinct, the Coventry Market and Coventry City Centre</b>
<b>4</b>	<b>The commercial and regeneration merits of extending The Scheme to include Lower Precinct and The Market</b>
<b>5</b>	<b>Conclusion</b>
<b>6</b>	<b>Declaration</b>

## **Appendices**

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<b>Appendix 1</b>	<b>Extract from Statement of Reasons</b>
<b>Appendix 2</b>	<b>Indicative layout plan of the development Blocks</b>
<b>Appendix 3</b>	<b>Extract from Development Principles Document</b>
<b>Appendix 4</b>	<b>Plan showing existing entrances to the Market</b>
<b>Appendix 5</b>	<b>Extract from Development Principles Document</b>
<b>Appendix 6</b>	<b>Viability Assessment for the Scheme dated 1 April 2021</b>
<b>Appendix 7</b>	<b>Summary of the viability assessment for the S73 Application Scheme</b>
<b>Appendix 8</b>	<b>Table of net additional new dwelling unit numbers and net additional floor space requirements</b>
<b>Appendix 9</b>	<b>Minutes of the West Midlands Combined Authority Investment Board meeting</b>
<b>Appendix 10</b>	<b>DAC Beachcroft guidance note on Subsidy Control</b>
<b>Appendix 11</b>	<b>Scheme planning permission conditions</b>

## 1 Summary

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- 1.1 I have carried out a commercial review of the Scheme proposals contained in the Hybrid Planning Application reference: OUT/2020/2876 (the Scheme) for which: a) the Council granted consent on 27 January 2022 and b) made the Compulsory Purchase Order (the Order) on 22 April 2022. Where relevant, I also reference changes proposed to the Scheme detailed in the S73 Application Scheme reference: S73/2022/3160 (which I refer to as the S73 Application Scheme).
- 1.2 I have significant concerns over the impact that the Scheme will have on Lower Precinct and The Coventry Market and that in turn, it will detract from the wider regeneration of Coventry City Centre. Similar concerns remain in respect of the S73 Application Scheme.
- 1.3 I have acknowledged that the City Centre requires substantial redevelopment and that a mix of uses including residential and commercial is consistent with sustainable regeneration. However, to achieve the level of transformation and to better support the repositioning of Coventry City Centre in a way which lends confidence to both prospective occupiers and investors, a fundamentally more comprehensive approach is required. The inclusion of Lower Precinct and Coventry Market within the scheme proposals are key to this. Without inclusion as part of a comprehensive approach, there is a serious risk that occupiers will vacate Lower Precinct, resulting in decline to the detriment of the wider City Centre.
- 1.4 Due to the absence of a comprehensive approach which encompasses Lower Precinct and Coventry Market, the risk of their decline and the uncertainties surrounding the delivery and impact of the Scheme, I have concluded that there is not a clear and compelling case in the public interest for making the Order.

- 2.1 My name is Keith Hardman. I graduated with a Degree in Land Management from the University of Reading in 1984, I am a Fellow of the Royal Institution of Chartered Surveyors and a RICS Registered Valuer. I have been a Member of the RICS since 1986 and commenced working in the property profession in 1984.
- 2.2 I am an International Partner with Cushman & Wakefield. Cushman & Wakefield are a Global property consultancy with 300 offices in over 70 countries, employing 42,000. In the UK the consultancy employs 1,200 staff in 9 offices - London (2), Leeds, Birmingham, Manchester, Newcastle, Bristol, Glasgow and Edinburgh. The firm is widely regarded for its involvement in major retail and mixed-use developments and for advice to Local Authorities and other Public Sector bodies. We are active in the development, sale and acquisition of retail and mixed-use developments and sites and act for many developers, investors, and occupiers.
- 2.3 I lead the UK Land Development and Planning team and I am based in the Leeds office, which I head.
- 2.4 During my career I have dealt with a wide range of retail and mixed-use developments, including major town centre schemes in Stockton on Tees (Wellington Square Shopping Centre), Newcastle upon Tyne (East Pilgrim Street), Lichfield (Friarsgate), Salisbury (The Maltings), Ashton under Lyne (The Arcades), Crewe (Royal Arcade), Hinckley (The Crescent), Oldham (Town Centre), Rochdale (Town Centre East), Grimsby (Freshney Place), and Stockport (Merseyway).
- 2.5 In preparing my evidence, I have assessed the commercial aspects of the proposed scheme, its impact on the long leasehold investment held in Lower Precinct and Coventry Market, by Royal London Mutual Insurance Society and how the approach to the development of City Centre South impacts on Coventry City Centre .
- 2.6 I am aware of and refer to where necessary, the following Expert Reports and Witness Statements:

The evidence of Mr Robert Fourt of Gerald Eve LLP in respect of viability.

The evidence of Mr Alec Philpott of Mayer Brown Limited in respect of the effect of the proposed development on the operations of both Coventry Market and the Lower Precinct Shopping Centre with regard to servicing matters.

The evidence presented by Mr Keith Murray of Keith Murray Consultants on matters relating to the justification for the use of CPO Powers.

- 3.1 Structural changes in the UK retail market over the past decade, the growth of city centre living and the pressure to deliver sustainable development are some of the key factors which have necessitated changes in the approach to large scale city centre development. These structural changes have been compounded in the past 3 years by the impact of Covid, the war in Ukraine and economic challenges. Retailer occupier and Investor markets remain in a state of flux, with high vacancy rates in many towns and cities, retailer failures and declining investment yields for shops and shopping centres. The combination of these factors has brought significant issues for investors and developers in the form of poor returns and viability challenges.
- 3.2 Reflecting the trends outlined in 3.1, the retail offer within Coventry City Centre has experienced significant decline. This includes Lower Precinct, the largest covered shopping centre in the City Centre, which has suffered with the loss of key anchor tenants including TJ Hughes (vacated in May 2021), Next (vacated Nov 2022), whilst H&M and New Look are currently seeking to considerably down-size their units. Retaining and attracting new tenants in Lower Precinct has proved costly through a combination of significant capital incentives, reduced rental levels, turnover arrangements and in several instances through the need to agree rents which are inclusive of both service charge and business rates.
- 3.3 The Statement of Reasons provides statistical and other evidence in paragraphs 4.2 and 4.37 (see Appendix 1) to highlight the impact of the challenges facing Coventry. This evidence is not in dispute. I also concur with statement expressed in paragraph 4.2 over the need to improve the quality of the City Centre retail offer, however, I do not believe that the Scheme will achieve this due to:
- a) the adverse impact the Scheme will have on the vitality and viability of Lower Precinct, the Market and the wider City Centre;
  - b) the uncertainty surrounding the deliverability of the Scheme;
  - c) the absence of a comprehensive approach which integrates Lower Precinct and the Market to ensure that both contribute positively to improving the quality of the city centre offer.

My opinions on a), b), and c) are provided in turn below.

#### **a) Adverse Impact of The Scheme on the vitality and viability of Lower Precinct, the Market and the wider City Centre**

- 3.4 The constraints of the Scheme boundary and the indicative layout of the development Blocks (plan in Appendix 2) creates a significant risk that shoppers will bypass Lower Precinct. In section 2.9 of the Development Principles Document (extract in Appendix 3), the Scheme architects, Chapman Taylor, reference the need to establish routes and to clarify the retail circuit back to Market Way, Upper Precinct and Broadgate. The absence of any reference to linkages and how pedestrian flows to Lower Precinct will be sustained is, as the largest covered shopping centre in the City Centre, a significant oversight.
- 3.5 The layout of the Scheme serves to reinforce the six existing entrances to the Market along the south and east elevations (indicated on the plan in Appendix 4), with the risk that this will cause a

further decline in pedestrian flows between Lower Precinct and Coventry Market via Sherbourne Arcade.

- 3.6 Chapman Taylor reference the desirability of having the main entrances to the Market facing onto public open space (section 3.1.2 of the Development Principles Document - extract in Appendix 5), in order to retain its commercial position within the City. I concur with this as a principle, however, the absence of a more comprehensive approach which integrates and reinforces Lower Precinct and the Market, amplifies the risk of declining pedestrian flows and loss of footfall to Lower Precinct via Sherbourne Arcade. This carries the attendant risk for Lower Precinct of higher vacancies, reductions in rental values and a deterioration in the investment performance of the asset.
- 3.7 The Scheme brings the potential for significant amounts of new retail space and the high risk of displacement from Lower Precinct as retailers relocate to new units in the Scheme where footfall and dwell times are likely to be higher, sustained by the pedestrianisation and improved public realm referenced in section 2.9 of the Design Principles Document.
- 3.8 The Scheme carries the significant risk that the future performance of Lower Precinct and the Market will be adversely affected, with no incentive for the owners of Lower Precinct and the Market to invest in improvements or in meeting the costs of retaining and attracting high quality tenants on the grounds that further investment would be unviable. The lack of investment will result in the decline of Lower Precinct and the Market, and this will detract from the vitality of the City Centre.
- 3.9 The prospect of the further decline of Lower Precinct and the Market is exacerbated despite the changes required to mitigate the adverse impact of servicing arrangements which are detailed in Mr Philpott's expert evidence. Mr Philpott highlights practical consequences and the need for at least one additional security staff member supplemented with a full-time enforcement officer. The requirement for extra staffing carries the risk of additional service charge costs and a reduction in the level of net income.
- 3.10 The adverse impacts on the vitality and viability of Lower Precinct, the Market and the wider City Centre I describe in paragraphs 3.4 – 3.9 remain unchanged by the proposals in the S73 Application Scheme. This is notwithstanding the proposed reduction in retail, leisure, and other commercial space to a maximum of 20,000 sq.m.

#### **b) Uncertainty over the deliverability of The Scheme (and the S73 Application Scheme)**

- 3.11 Due primarily to the viability challenges (R Fourt Evidence), the considerable public funding required, and the conditions associated with this, the Scheme carries considerable delivery uncertainties which detract from the prospects for further investment in Lower Precinct, the Market, and the wider city centre. I detail these below.

#### **Financial Viability Assessment Deficit**

- 3.12 A measure of the scale of the viability deficit for the Scheme is provided in the Financial Viability Assessment (FVA) attached to SPG letter dated 1 April 2021 (Appendix 6). The Assessment contains very limited information and lacks for example, detail on how the Net Development Value is derived, how the Development Costs are broken down and how much the finance costs amount to and how they are assessed. The Assessment references a viability deficit of £92,500,000 after

external funding from Public Bodies of £17,500,000 (implies the deficit could be at least £110,000,000 without the Public funding). The FVA states that "The WMCA funding will allow for vacant possession of the Site to be delivered to the developer in order for these ambitious proposals to be delivered. Having given this full consideration, we do not feel that it is appropriate to include a Benchmark Land Value and have therefore assumed £0 for the purposes of testing viability. If the viability was tested against a Benchmark Land Value then the equivalent funding figure would need to be included in the proposed scheme viability appraisal, effectively cancelling each other out." This suggests that some of the WMCA funding will have to be used for land acquisition.

- 3.13 The decision by SPG to progress with the S73 Application Scheme in favour of the Scheme implies that the Scheme is not commercially deliverable even with the benefit of the WMCA and Council funding support.
  
- 3.14 A summary of the viability assessment for the S73 Application Scheme has been provided as an appendix to the Council's letter dated 8 December (attached as Appendix 7). The summary is not supported by an appraisal showing how the figures have been determined e.g., they omit amongst others any reference to land or historic costs, whether inflation and contingencies are included and how the finance cost is derived.
  
- 3.14 The summary viability assessment for the S73 Application Scheme also includes a WMCA Grant of £39.1M and a Council Contribution of £32.8M. However, it is unclear whether this is now the maximum level of grant required, as the Council's response (section 7 of the Council's letter dated 8 December) references the WMCA monies as being part of the £98.8M funding package towards the scheme.
  
- 3.15 From the evidence presented by Mr Fourt, the scale of the deficit for the Scheme in the FVA (Appendix 6) is significantly understated. Mr Fourt's appraisal of the Scheme shows a loss of £381m and although amongst his other assumptions there is no allowance for public funding, I have serious reservations that, even with the benefit of the public funding, the Scheme would be viable and commercially deliverable.
  
- 3.16 Mr Fourt's appraisal for the S73 Application Scheme shows a loss of £270m. Amongst Mr Fourt's other assumptions there is no allowance for public funding, however even with the benefit of the public funding, I have considerable reservations over whether the Scheme would be viable and commercially deliverable.

**Uncertainty surrounding the West Midlands Combined Authority Grant and Coventry City Council Funding**

- 3.17 In their letter dated 1 December 2022 (Appendix 8), the City Council has confirmed that on 17th October 2022, the West Midlands Combined Authority Investment Board delegated authority to West Midlands Combined Authority Investment officers to approve the terms of the grant funding and enter into any associated legal agreements.
  
- 3.18 The Minutes of the West Midlands Combined Authority Investment Board meeting, reference the grant for Coventry City Centre South in Item 65 (Appendix 9). The Minutes record that the revised scheme reduces the amount of retail space and provides significantly more housing including 20% affordable housing. I have assumed that the "revised scheme" is the Section 73 Application Scheme received by Coventry City Council on 7th November 2022 (Application ref S73/2022/3160).



- 3.19 The Minutes also record that the revised scheme would be a more deliverable scheme (although not specified, I assume the less deliverable scheme is that for which the Order has been made and for which planning permission was formally issued on 27 January 2022 (Section 5 para 5.4 of the Statement of Reasons). The Minutes state that no additional funding is required from the WMCA, and the commercial details would be worked through with CCC to insert conditions into the grant.
- 3.20 I have requested further information on the business case and VFM assessments associated with the WMCA and other public funding, to assess the robustness of the case for funding. At the date of my Proof of Evidence, this has not been provided.
- 3.21 The City Council's letter dated 8 December 2022, section 7 (see Appendix 7) indicates the current assessment of viability put forward by the developer assumes funding of £32.75M from Coventry City Council and a grant of £98.8M to be provided by West Midlands Combined Authority. Clarification is awaited from the Council on whether this brings the total public funding required by the developer to sustain the viability of the Section 73 application scheme to £131.55M.
- 3.22 I have not seen the terms of the West Midlands Combined Authority £98.8M funding, although details of the anticipated net additional floor area outputs have been provided along with the clawback arrangements (see 3.20 below). No further information has been made available of the additional outputs and outcomes which are anticipated to be included as referenced in Coventry City Council's letter dated 1 December 2022 Schedule 1 Requests section 3). I have requested further information on the business case and VFM assessments associated with the WMCA and other public funding, and at the date of my Proof of Evidence, this has not been provided.
- 3.23 I have requested details of the terms upon which the Council's funding support of £32.75M is to be provided.
- 3.24 In the absence of the agreed terms surrounding the provision of the West Midlands Combined Authority and Coventry City Council funding, there is uncertainty over whether the requirements and conditions of the funding streams can be satisfied.

#### **Failure to meet the WMCA net additional floor area output requirement**

- 3.25 Coventry City Council's response (letter dated 1 December 2022 Schedule 1 Requests section 3) states the anticipated outputs and outcomes of the project identified for grant funding purposes include net additional new dwelling unit numbers and net additional floor space requirements (see table in Appendix 8).
- 3.26 The Statement of Reasons (para 4.14) states that the gross internal area of the existing retail floorspace within the Development Site is 31,340 sq. m which includes the ground and basement of the Coventry Market. Para 4.15 of the Statement of Reasons references the area of the ground floor and basement of the Market to be 7,240 sq. m. By deduction, the gross internal area of the existing retail floorspace with the Development site excluding the Market, is 24,100 sq. m.



- 3.27 The City Council's letter dated 1 December 2022 (section 3 of the Schedule 1 Requests – see Appendix 8) provides a table of net additional floor area outputs/outcomes showing the required net additional floor space for new retail and leisure space is 9,420 sqm. The City Council's letter confirms that new retail floor space along with the other floor space outputs for residential and a community health centre (see table extract below), was approved by the WMCA Investment Board on 17 October 2022.

Outputs/ Outcomes (net additional)	
Place – New Dwellings	1,321 units <sup>1</sup>
Place – New retail and leisure floor space	9,420 sqm
Place – New residential floor space	126,948 sqm
Place – New community health centre	429.3 sqm

- 3.28 In order to achieve the net additional floor space output/outcome, new retail and leisure space would have to comprise at least 33,520 sq. m, being the sum of the existing (24,100 sq. m)<sup>1</sup> and the addition required (9,420 sq. m).
- 3.29 The Section 73 Application Scheme which the City Council anticipate is the scheme to be delivered, provides for a maximum of 20,000 sq. m of mixed-use non-residential floorspace including Class E Commercial, Business and Service uses, Class F.1 Learning and Non-Residential Institutions, and Sui Generis Pub or Drinking Establishment / Hot Food Takeaway / Cinema uses. This maximum is materially less than the net additional retail space outputs required by WMCA and thus raises uncertainty over whether the public funding from WMCA will be available.

#### **Intervention rate not applied for the proposed Scheme under the S73 Application**

- 3.30 From the Minutes of the West Midlands Combined Authority Investment Board meeting held on 17 October 2022 to consider amongst other matters, grant funding (copy of Minutes attached in Appendix 9), it is noted that if an intervention rate was applied, WMCA would not have provided financial assistance. In the absence of the information, I have requested on the business case for the WMCA grant, I am unable to comment on why the intervention rate was not applied.

#### **Cabinet and Full Council Approvals required**

- 3.31 The Minutes of the West Midlands Combined Authority Investment Board meeting held on 17<sup>th</sup> October 2022 (Item 65) records that a Council funding contribution completes the funding package for the scheme which is subject to Cabinet and Full Council approval as well as Subsidy Control

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<sup>1</sup> Deduced see para 3.26

review. At the date of my Proof of Evidence I have not seen any evidence that these approvals have been given.

### **Subsidy Control review**

- 3.32 The Subsidy Control review gives rise to a risk that the Council's proposed funding could not be available (following the review) or if made available could be legally challenged on the grounds that it breaches Subsidy Control Rules. A challenge could delay or if successful, result in the withdrawal or repayment of the Council's funding. A copy of DAC Beachcroft's guidance note on Subsidy Control is attached in Appendix 10.
- 3.33 As a discrete funding stream alone (i.e., ignoring any implications for the WMCA grant funding), the absence of the Council's funding (£32.75M) due to a risk of or breach of Subsidy Control Rules, would undermine the viability and deliverability of the Scheme and the Section 73 Application Scheme. At the date of my Proof I not seen any evidence of the outcome of the Council's Subsidy Control review.

### **Commercial terms of the grant structure are subject to due diligence and legal agreements**

- 3.34 I have requested details of the commercial terms on which the grant is to be offered by WMCA and the Council, however, at the date of my Proof these have not been provided.
- 3.35 Through my consideration of the financial viability evidence and the risks surrounding the availability of the WMCA and City Council funding, I conclude that there is very considerable uncertainty as to whether the scheme can be delivered. Once the information requested has been provided, I will you provide further conclusions on this issue.

### **c) Absence of a comprehensive approach integrating Lower Precinct and The Market**

- 3.36 The constraints of the Scheme boundary and the indicative layout of the development Blocks (plan in Appendix 2) show little evidence of how the Scheme integrates with both Lower Precinct and the Coventry Market. The Scheme carries the elevated risk that Lower Precinct and the Market will decline and in doing so detract from the appeal of Coventry City Centre as a retail and leisure destination. This is evidenced in the Chapman Taylor Design Principles Document accompanying the planning application for the Scheme, section 2.9 "Permeability" (Appendix 3) . Despite the reference to clarifying the retail circuit, the designers make no mention of Lower Precinct either in the narrative or the Masterplan overview of Permeable Routes and provide no explanation as to how Lower Precinct is integrated as part pf the scheme proposals. This deficiency is reinforced in paragraph 6. ii) of the planning permission conditions (Appendix 11) which requires each reserved matters application to identify how the design of the development accords with the Design Principles Document.
- 3.37 Section 3.1.2 of The Chapman Taylor Design Principles Document identifies the key design principles for the Market and a preference that the main entrances should face onto the public open space to retain its commercial position within the city. The current position is that six of the seven existing pedestrian Market entrances face towards the Scheme and that the six entrances will benefit from newly pedestrianised areas and public open space (shown on the Scheme plan in

Appendix 4). The six entrances are also positioned opposite extensive active frontages within the new blocks of development.

- 3.38 With all but one of the entrances directly into the Scheme and no consideration in the Design Principles of how linkages into Lower Precinct would be preserved and strengthened, there is a greatly increased risk that footfall patterns will significantly change, with the greatest concentration of pedestrian flows using the six entrances to access and exit the Market directly into the Scheme. This risk of change in footfall patterns is reinforced by the pedestrianisation of the area outside the six entrances, the appeal of the open space and the active frontages in the buildings directly opposite. The likely loss of footfall along the single entrance to the Market from Lower Precinct via Sherbourne Arcade, will increase the risk that retailers will be displaced from Lower Precinct to the Scheme. At the same time attracting new tenants into Lower Precinct will prove very challenging as retailers and leisure operators favour those locations with higher footfall and correspondingly greater concentrations of consumer spend.
- 3.39 The absence of a comprehensive approach which incorporates Lower Precinct, and the Market within the Scheme will diminish the viability of further investment in the shopping centre and along with the loss of retailers, compound the deterioration of Lower Precinct. As the largest covered shopping centre in the City Centre, the decline of Lower Precinct will detract from the appeal and vitality of Coventry as a shopping and leisure destination.
- 3.40 The lack of a comprehensive approach is contrary to a key objective of the Scheme set out in section 5.20 of the Statement of Reasons notably, 5.20.2 “to develop a “whole place” approach to urban design...”
- 3.41 By virtue of the application boundary the Section 73 Application Scheme similarly fails to address the absence of a comprehensive approach incorporating Lower Precinct and the Coventry Market.

- 4.1      Comprehensive approaches to city centre development are taken to ensure that proposals bring a range of vitality benefits to a wider area, which include:

**Delivery of synergistic benefits** through a mix of uses (such as retail, employment, leisure and residential) and the integration with public transport and car parking to help make an area more accessible and appealing.

**Improved permeability** and linkages to other parts of the city to reinforce and improve footfall for the benefit of all areas.

**Landscaping, environmental enhancement and high-quality place making** on a scale which supports the sustainable transformation and repositioning of a city centre.

**Coordinating and phasing development** in a way which reduces the risk of displacement where occupiers move from one part of a city centre to the newly developed area, thus diluting the net benefits the development brings. Displacement leads to decline in those parts of a city centre from where occupiers seek to relocate, and which then detracts from the overall appeal of the city centre.

**Creates a step change in the offer**, appeal and the experience of a city centre which permeates and brings benefits across the city centre outside of the development red line, as well as attracting new occupiers and investors. In doing so this supports the reversal of shopper leakage to other towns and competing developments, and the containment of consumer spending.

**Supports local economic growth** through employment creation, new investment, business growth, extended dwell times and the reinforcement of a city's evening economy.

**Builds confidence amongst investors and occupiers** through coordinated phasing and the management of delivery on the ground.

**Brings financial betterment through the capture of rental and capital growth in later phases** when a comprehensive approach is tied to ownership. This supports delivery prospects for the whole through the opportunity for more profitable phases of development to cross subsidise phases where viability may be more challenging.

- 4.2      In the absence of a comprehensive approach to CCS which integrates Lower Precinct and the Market, there is no commercial incentive for the existing owner of both assets to invest in their improvement. This carries the risk that Lower Precinct and the Market will further deteriorate and as the largest covered shopping centre in the city centre, the impact of their decline will be to diminish the appeal of Coventry as a shopping destination. A comprehensive approach in which Lower Precinct and the Market form part of the Scheme proposals would directly address these risks and better support the vitality of the City Centre.

- 5.1 I acknowledge that the city centre requires substantial redevelopment and that a mix of uses including residential and commercial is consistent with sustainable regeneration. However, to achieve the level of transformation and to better support the repositioning of Coventry City Centre in a way which lends confidence to both prospective occupiers and investors, a comprehensive approach integrating the Market and Lower Precinct, within the Scheme is required.
- 5.2 The Scheme's focus on City Centre South neglects to consider how Lower Precinct should be integrated for the wider benefit of the city centre. The Scheme promotes pedestrian flows away from Lower Precinct and carries the risk that footfall along the single entrance between the Market Hall and Lower Precinct will decline as the six entrances facing the Scheme become the dominant customer access and egress points. This will reduce occupier demand for units in Lower Precinct, increase the risks of voids, reductions in rental income and falling returns from the investment.
- 5.3 The Scheme is commercially unviable and despite the changes proposed in the S73 Application scheme, this too is unviable, notwithstanding that potentially public funding totalling up to £131.6M, may be made available.
- 5.4 The majority of the public funding is to be offered by WMCA (up to £92.8M), however full details of the commercial terms on which the funding is to be made available, have not been provided. One of the project outputs and outcomes approved by WMCA is that new retail and leisure space would have to comprise at least 33,520 sq. m. The Section 73 Application Scheme fails to meet this output requirement as it provides 40% less with a maximum of 20,000 sq. m of development, which includes uses alongside retail and leisure.
- 5.5 Coventry City Council are proposing to provide £32.8M to complete the public funding package however, to date we have not received details of the terms on which this funding stream is to be made available or whether Council approvals have been given. The funding also remains subject to a Subsidy Control review. I have requested details of this review along with a copy of the business case and the value for money assessment in support of the public funding. A response to these requests has not to date, been received. I have several concerns surrounding the provision of public funding, and how the failure to meet the net additional floor space requirement will be addressed, without undermining the validity of the business case.
- 5.6 I have considerable reservations surrounding the viability and deliverability of the Scheme and the S73 Application Scheme, even with the benefit of the proposed public funding, as financial appraisals show that they make considerable losses of £381m and £270m respectively. My concerns are compounded by the uncertainty associated with the availability of the public funding based on the required outputs and risk that the funding may be challenged for failing to meet Subsidy Control requirements.
- 5.7 Through the absence of a comprehensive approach which integrates Lower Precinct and the Market in a way which supports sustainable investment in the improvement of both assets, there is a high risk that both will deteriorate. I have serious concerns that the decline of the Market and Lower Precinct would be to the detriment of the wider City Centre, detracting from its appeal as a shopping and leisure destination, preventing the "step change" and the wider economic and social benefits that a comprehensive approach would support. It is for this reason I conclude that there is not a clear and compelling case in the public interest for making the Order.

- 5.8      There remains a considerable amount of information which has been requested and I therefore reserve the right to provide further evidence on these issues once this has been made available.

**6 Declaration**

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- 6.1 I believe that the facts I have stated in this proof of evidence are true and that the opinions I have expressed are correct.
- 6.2 This proof of evidence includes all facts which I regard as relevant to the opinions I have expressed, and I believe I have drawn the Inspector's attention to any matters which would affect the validity of those opinions.
- 6.3 This proof of evidence complies with the requirements of The Royal Institution of Chartered Surveyors, as set down in *Surveyors Acting as Expert Witness: Practice Statement 4<sup>th</sup> Edition*.
- 6.4 I understand my duty to the Inspector and to the Secretary of State and I have complied with that duty.

**Signed:**

**Date: December 2022**



**Name: Keith Hardman**

**Position: INTERNATIONAL PARTNER**

**For and on behalf of Cushman & Wakefield**

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