

## **Divisions Affected – All**

### **CABINET 25 February 2025**

#### **CITY CENTRE ACCOMMODATION STRATEGY - PROPOSED DISPOSAL OF NEW AND OLD COUNTY HALL**

#### **Report by Director of Property and Assets**

### **RECOMMENDATION**

1. The Cabinet is **RECOMMENDED** to
  - a. **Agree to the freehold disposal of New and Old County Hall, on the terms set out in exempt Annex 4.**
  - b. **Delegate authority to the Executive Director of Resources and Section 151 Officer, in consultation with the Cabinet Member for Finance, to negotiate and agree the final heads of terms which will be substantially in accordance with the details set out in exempt Annex 4.**
  - c. **Delegate authority to the Executive Director of Resources and Section 151 Officer, in consultation with the Director of Law and Governance and Monitoring Officer, to conclude negotiations and complete all necessary legal documentation to implement the disposal.**

### **Executive Summary**

2. On 23 January 2024 as part of the city centre strategy Cabinet approved the resolution to consolidate into Speedwell House and to dispose of County Hall, as the preferred option and “to engage the market to assess interest in both New and Old County Hall to inform a final decision on Old County Hall’s future”.
3. Following an open tender process in accordance with procurement regulations, Savills were appointed in July 2024 as the Council’s investment advisors, to market the properties and assess interest.
4. A comprehensive marketing campaign was undertaken to understand and assess interest in both New and Old County Hall. Reflecting the wide range of potential uses and purchasers, the approach did not dictate or pre-determine the end use and was designed to encourage as wide a breadth of interest as possible. The properties were presented as a regeneration opportunity in the context of Oxford West End and the city as a whole and aimed to capture the full gamut of redevelopment, refurbishment, and re-positioning potential.

5. This marketing approach adopted was aimed to ensure the Council maximised its chances of generating the highest possible value from the site in accordance with its obligations to obtain 'best consideration' under s123 of the Local Government Act 1972, whilst also positioning the site as an opportunity to deliver positive change delivering social benefit for the city.
6. In total, 19 parties submitted bids, and each party was then invited to provide a more detailed response and to resubmit their bids. From these revised bids a shortlist was produced, and these parties were invited to attend an interview and present their proposals. Feedback was provided to each party, and they were invited to resubmit their final proposal.
7. A summary of the bids and recommendation from Savills is attached in exempt Annex 2 along with a breakdown of the bids received.
8. Taking into consideration the detailed evaluation of the bids and advice from Savills, Officers recommend that New and Old County Hall are sold based on the terms set out in exempt Annex 4, subject to receipt of planning consent.
9. The recommendation reflects the fact that the value of the site has been maximised complying with the requirement to achieve best consideration. The proposal will also restore and reimagine Old County Hall opening it up for public use and will deliver employment, economic growth, social value and be sustainable and meet the Councils net zero strategic objectives.

## **Exempt Information**

10. Information in the annexes 2, 3 and 4 to this report is supplied in commercial confidence and disclosure would prejudice the commercial position of the parties involved. It would also prejudice the position of the authority's investments to the detriment of the Council's ability to properly discharge its fiduciary and other duties as a public authority.
11. In the event that any member or officer wishes to discuss the information set out in annexes 2, 3, or 4 to Annex A, the press and public should therefore be excluded because discussion of these annexes in public would be likely to lead to the disclosure to members of the public present of information in the following categories prescribed by Part I of Schedule 12A to the Local Government Act 1972 (as amended):  
"3 Information relating to the financial or business affairs of any particular person (including the authority holding that information)."
12. It is considered that, in all the circumstances of the case and for the reasons set out in paragraph 10 of this report, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## Background

13. PwC were appointed in December 2022 to undertake a strategic review of Oxfordshire County Council's city centre accommodation. PwC's report/Outline Business Case was presented to Cabinet in January 2024.
14. The report concluded: "There is now an unavoidable priority need to take a decision on the Council's city centre office accommodation, as well as a key window of market opportunity to maximise the potential of the Council's assets to support its financial sustainability and the wider economic and social development of the city centre. To do nothing is no longer an option; the city centre assets do not reflect the organisation Oxfordshire County Council aspires to be - an employer, partner, and place shaper of choice with modern building and environmental standards.
15. A recommendation was made by Cabinet on 23 January 2024 that the Council should consolidate into Speedwell House and dispose of County Hall.
16. The Cabinet Advisory Group (CAG) discussed the Oxford City Centre Accommodation Strategy on 18 December 2023 and resolved to approve the following:

"To progress 'Consolidation in Speedwell House and disposal of County Hall' as the preferred option and progress the project through the Council's capital governance and reporting processes, noting the financial position," and "To engage the market to assess interest in both New and Old County Hall to inform a final decision on Old County Hall's future." The resolutions above were approved by Cabinet on 23 January 2024.
17. To engage with the market, a tendering exercise was undertaken to appoint sales agents and external solicitors to advise the Council on the disposal of County Hall. In order to appoint a best-in-class sales agent with the relevant experience and track record, the top five ranked investment agents in the UK were asked for proposals. These proposals were to include an estimation of sales price based on a number of different end uses as well as views on a disposal of New County Hall and Old County Hall separately or together.
18. Following evaluation and moderation of tender submissions, Savills, were selected to advise the Council on the marketing and market assessment of County Hall and Browne Jacobson LLP were appointed as Solicitors for the disposal.
19. The basis of Savills appointment is a contract, with a capped fee and this is only payable on completion of the disposal (i.e. no sale, no fee). Savills have been a long standing and trusted partner with the council for many years. Savills also have established global values that formalise their commitment to ethical, professional, and responsible conduct, which includes a focus on social value and environmental impact. They have implemented policies such as the Group

Ethical Procurement Policy, and standards related to compliance obligations and professional conduct.

20. All the agents asked to tender were asked to provide in their responses indicative values for the site. There was a spread of values based on the end use.
21. From the agents responses it was identified that County Hall was likely to generate a range of interest for different uses including offices, life sciences, residential, student housing and hotel with appeal from a wide range of parties from the UK and across the world.
22. Agents considered the sale of a long leasehold interest in New County Hall and Old County Hall, and it was considered that the sale of a long leasehold interest would meaningfully impact the depth of market, competition, and level of pricing.
23. Accordingly, Savills recommended approach to optimise interest levels and capital receipts was to market and sell New County Hall and Old County Hall together on the basis of a freehold disposal. In order to encourage as wide a range of interest as possible Savills did not quote a price for the purposes of the marketing and market engagement exercise.
24. In view of the wide range of potential uses (and purchasers) as well as the spread of pricing, the marketing approach to County Hall did not dictate or pre-determine the end use and was designed to encourage as wide a breadth of interest as possible.
25. This approach was adopted to ensure the Council maximised its chances of generating the highest possible value from the site in accordance with its obligations to deliver 'best consideration' under s123 of the Local Government Act 1972, whilst also positioning the site as an opportunity to deliver positive change with social benefit for the city.
26. Details of the global marketing undertaken by Savills are set out in Annex 1 and included a digital brochure and video. This were supported by a legal and property information data site which was set up so that interested parties could undertake detailed due diligence before bids being submitted

## **Local engagement**

27. Property Officers and Savills have actively engaged with local landowners, special purchasers, and other stakeholders. Oxford Preservation Trust (OPT) has also been engaged in connection with the future use of Old County Hall.

## **Planning**

28. Old County Hall is a Grade II\* listed building<sup>1</sup> located within the Central (University and City) Conservation Area which covers the historic centre of Oxford and is within the City Centre Archaeological Area. Under the Planning (Listed Buildings and Conservation Areas) Act 1990, all listed buildings, including those classified as Grade II\*, are legally protected meaning any alterations, extensions, or demolitions of listed buildings must receive consent from the relevant local planning authority. The aim being to prevent unauthorised changes that could compromise the building's historical and architectural integrity.
29. The existing mature tree which is located within the site is protected under a Tree Preservation Order due to its location within the Conservation Area.
30. The listed status of Old County Hall as well as the context of the conservation area and proximity of Oxford Castle are factors that have been considered when assessing and appraising interest and offers.

## **Speedwell House**

31. Following a competitive tender process the strip out works at Speedwell House have been completed and a Technical Advisor has been appointed. In addition, a Design & Build contractor is being appointed to undertake the main refurbishment works. Based on current timescales it is anticipated that the refurbishment works at Speedwell House will be completed in Spring 2027 at which time the Council will vacate County Hall and occupy Speedwell House.
32. The capital receipt from the disposal of County Hall will fund the delivery of the refurbished Speedwell House complex and also enable the wider regeneration and placemaking initiatives envisaged in and around Speedwell Street.

## **Implications of not proceeding to dispose of the site**

33. The majority of the interest has been in respect of acquiring the whole of the site i.e. both New and Old County Hall. Of the 19 offers received, 16 were for New and Old County Hall together. Interest in New County Hall on its own and Old County Hall on its own was limited and only at a nominal purchase price.
34. To remain in County Hall essential works would be required. To undertake these works, the building would need to be vacated, and alternative accommodation would need to be found for at least 2 years at an estimated cost of over £3m per annum to cover the cost of rent and rates. There would also be a significant cost for moving out and then moving back to New County Hall once works were

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<sup>1</sup> Listing is in respect of the front of the building but applies to the whole as it's an integral part

complete. In addition, not selling the property now would mean that other funding options would need to be considered for the redevelopment of Speedwell House.

35. Retaining Old County Hall, should New County Hall be sold, would involve splitting the building, undertaking substantial essential works, installation of a separate heating system plus basic restoration works and remedial work. This is likely to cost in excess of £8m.
36. If the council chooses not to proceed with the sale at this stage in the process, this would mean that the property could not be brought back to the market for two to three years as the council would not be perceived as a serious seller, and interested parties would be deterred from bidding. Market sentiment is that if the sale were delayed it is likely the value will fall based on the prevailing economic outlook and market conditions.
37. There would be an opportunity to let Old County Hall, but the anticipated rental income would be below the costs of retaining the building. The potential uses of Old County Hall are limited because of the nature and character of the building.
38. The retention of County Hall, or just Old County Hall, will leave a substantial ongoing financial burden, with no return on investment, with no financial upside. Therefore, it is the recommendation of Officers to request approval for the sale of Old County as well as New County Hall.

### **Analysis of offers received and recommendation.**

39. A detailed analysis of the bids and recommendation is contained within Savills report, exempt Annex 2 along with a summary of all offers received. Exempt Annex 3 sets out an analysis of the bids.
40. Savills' recommendation is to progress with the offer set out in exempt Annex 2, having comprehensively marketed the site to a wide audience. They consider the offer plus overage to be an excellent price for the site and above their initial estimate. Savills believe that the risk to the council of this option is minimal, and that planning will be secured quickly and the purchase completed in Q1 2026, with construction to commence on site as soon as the council vacates. The developer has satisfied concerns that the heritage value of Old County Hall will be preserved and enhanced for Oxford and Oxfordshire residents. They also believe that the redevelopment of the site will be a major step in transforming the West End of Oxford and revitalising the public realm.

### **Financial Implications**

41. The financial implications are set out in detail within this report including exempt Annexes 2, 3 and 4. The process undertaken at this stage of the project has determined the best value consideration that can be obtained for the disposal of New and Old County Hall, therefore the recommended option would be in compliance with s123 of the Local Government Act 1972. The recommended

option would provide a capital receipt to fully fund (based on current estimates) the delivery of the refurbished Speedwell House complex.

Comments checked by:

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## **Legal Implications**

42. Councils are required to maximise the land value in accordance with S.123 of the Local Government Act 1972 and cannot dispose of land for a consideration (i.e. monetary payment) less than the best that can be obtained in the market, except with permission of the Secretary of State. As indicated above and set out within the exempt Annexes 2, 3 and 4 to this report, work has been undertaken to ensure that this transaction is compliant with S.123 of the Local Government Act 1972 and the Council has considered and taken due regard of all the professional advice it has received in respect of the recommendations set out in this report.
43. Judicial interpretation of S.123 of the Local Government Act 1972 has established that, whilst the Council is required to obtain the best consideration reasonably obtainable, this does not necessarily mean that the highest offer on the table is always the best.

Comments checked by:

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## **Staff Implications**

44. There are no new or additional staff implications.

## **Equality & Inclusion Implications**

45. The sale of New and Old County Hall has no equality or inclusion implications at this stage. From the engagement to date with the potential purchasers there is full support to meet the Equality and Inclusivity Policies, and this will be fully determined before exchange of contracts.

## **Sustainability Implications**

46. From the engagement to date with the potential purchasers there is full support to meet the Sustainability Policies, and this will be fully determined before exchange of contracts.

## **Risk Management**

47. As part of the evaluation of the bids received the risks have been considered. The risks identified with the recommendation are that the offer is subject to planning, the purchaser seeks to renegotiate the proposal or fails to complete the sale and the funds to complete the purchase are not available.
48. The developer has considerable experience of planning in the Oxford market. A pack of information has been prepared so the pre application submission can be made within weeks of exclusivity being confirmed. The Council's planning advisors have also considered the proposal and are positive that consent will be received for a change of use. From the investment put into the bid so far and the fact that a professional team have been instructed it is clear that the purchaser is in position to exchange contracts as soon as is possible and that they have undertaken considerable due diligence ahead of submitting their bid. Both the purchaser and developer are also recognised as being very experienced operators with a history of completing projects. The purchasers have also been interviewed and the recommendation for funding is ready to be approved by their investment committee once and if they are confirmed as the successful party.

## **Consultations**

49. On 5 February 2025, the Place Overview and Scrutiny Committee considered a report on the City Centre Accommodation Strategy – Disposal of Old and New County Hall. The recommendations from the committee are elsewhere on the agenda of this Cabinet meeting.
50. In addition, the Cabinet Advisory Group met on 14 February 2025 to provide feedback to the Cabinet Member for Finance on the proposed disposal of Old and New County Hall.

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**Annex:**

- Annex1 - Savills Marketing Brochure**
- Exempt Annex 2 -Savills report and recommendations**
- Exempt Annex 3 – Bid Analysis**
- Exempt Annex 4 – Heads of Terms**