Delegated Decision by the Cabinet Member for Finance, Property and Transformation

11 July 2025

Asset Rationalisation – West Oxford

Report by: Director of Property and Assets

RECOMMENDATION

1. **The Cabinet Member is RECOMMENDED to:**

   (a) **approve the plan within the completed Initial Business Case for the vacation of a leased in premises in Osney Mead to produce revenue savings, and the allocation of previously agreed funding to source replacement properties for the affected services; and**

   (b) **delegate decision-making on the purchase of the replacement properties to the Director of Property and Assets in consultation with the Section 151 officer.**

The Proposal

2. One of the key aims of the Property Strategy is to release our leased in estate to make revenue savings and optimise the use of Oxfordshire County Council's (OCC) own freehold estate.

3. Of the remaining leased in premises still occupied by OCC, the largest is a property in west Oxford that is home to two frontline operational OCC services. The rent is over £100,000 per annum with a further £142,000 per annum of property costs (service charge, utilities etc). The lease expires in 2030 with a tenant break clause in 2027.

4. The property extends to just over 15,000 sq ft and comprises light industrial space with ancillary office and storage areas.

5. The two services needs have been assessed, and the actual need is closer to 10,000 sq ft in one building, or 7,000 sq ft and 3,000 sq ft across two buildings.

6. The proposal is to vacate the expensive leased in property and either refurbish existing Council held property, if appropriate, or invest in freehold acquisitions that will add to the capital value of the Councils portfolio. The benefit will be rental and property savings as well as a new capital asset which should increase

in value. The saving is expected to be in the region of £186,000 per annum as well as future pressure savings of £30,000 per annum and a capital saving of £213,000 from the current decarbonisation programme.

7. The budget is currently held within the Asset Rationalisation Programme. An Initial Business Case was approved in March 2025. An OBC will be produced when the recommended options are found and approved so that we can move forward with an acquisition without delay.

8. The key decision is required to allocate the funding to the capital programme as the proposed solution is over £2.0 million.

Corporate Policies and Priorities

9. This proposed course of action aligns with the Property Strategy and the objectives of the Asset Rationlisation Programme.

Financial Implications

10. The capital funding for this project has obtained Capital Governance approval at the first stage by way of an Initial Business Case that has been through Property Capital Board and Strategic Capital Board.

11. The project is fully funded from the Asset Rationalisation Programme budget.

12. There are revenue savings generated from the project in the form of rent and property running costs.

Comments checked by:

Drew Hodgson,
Strategic Finance Business Partner
Email: drew.hodgson@oxfordshire.gov.uk

Legal Implications

13. The potential break date for the lease of the subject property is 28 February 2027 and notice needs to be served at least 6 months before that (if the break clause is to be exercised effectively). This means notice needs to be served on the landlord before the end of August 2026. For the break to be exercised, OCC will have to have vacated the property by 28 February 2027.

14. The landlord of the subject property may pursue a claim for damages against OCC alleging that OCC has failed to keep the property in the standard of repair required by the lease (a “dilapidations claim”). Funds should be set aside for this.

15. The acquisition of any new property will give rise to a Stamp Duty Land Tax liability and this needs to be taken into account in any cost/benefit analysis.

Comments checked by:

Richard Hodby
Solicitor
Email: Richard.Hodby@oxfordshire.gov.uk

Staff Implications

16. The course of action will result in further staff costs for OCC Property and Legal, which will be recharged against the project budget, as previous staff costs have been.

17. The two Heads of Service for the teams using the property have been fully consulted to date and as the project moves through governance, the wider teams will be consulted.

Equality & Inclusion Implications

18. Any specific accessibility requirements have been built into the needs assessment already carried out with the affected service lines.

19. The project does not have any further equality and inclusion implications with no change to current operations except for the location.

Sustainability Implications

20. The current property is a 1970/80 light industrial building that is not carbon neutral. Any new building either refurbished or purchased and fitted out will have de-carbonisation works built in as part of the required works.

Vic Kurzeja, Director of Property & Assets

Annex 1 Approved Initial Business Case

Contact Officer: Henry White, Operational Manager - Property
henry.white@oxfordshire.gov.uk

19 June 2025