

Divisions Affected – Chesterton & Launton

DELEGATED DECISIONS BY THE CABINET MEMBER FOR FINANCE, PROPERTY AND TRANSFORMATION

12 December 2025

Leasehold Acquisition of Warehouse

Report by the Director of Property and Assets

RECOMMENDATION

The Cabinet Member is RECOMMENDED to:

- a) Approve option 1 in Appendix 1 for the leasehold acquisition of a warehouse in Bicester for use by Adult Social Service and their contractor for the Integrated Community Equipment Service (ICES).

Detail

1. NRS Healthcare, Oxfordshire's previous provider for the Integrated Community Equipment Service (ICES) entered liquidation in August 2025. A 3-year contract, running from 1 August 2025 – 31 July 2028, was awarded to Millbrook Healthcare Limited under emergency provision.
2. The service requires a warehouse to enable storage, decontamination, recycling and refurbishment of a significant amount of equipment, and to support county-wide transportation of equipment to and from hospitals, peripheral stores and people's homes.
3. Following the collapse of NRS and the transfer of responsibilities to PWC as Official Receiver, OCC was unable to access NRS Healthcare's previous warehouse in Bicester, for several weeks. OCC sourced 5 temporary storage solutions around the County to maintain an emergency level of service for residents. The ambition in Oxfordshire, and other Local Authorities standing up emergency equipment services, was to gain access to the previous warehousing arrangements as soon as possible to minimise disruption to the service. Setting up somewhere new would require an extensive, costly and time-consuming fit out before the service could resume.
4. At the time of the NRS collapse, the unit NRS rented was in the process of being sold. This meant that, while other Local Authorities were able to transfer leases for their warehouses relatively smoothly as part of the liquidation process, Oxfordshire

was unable to do so until the building was sold. In late October, the building was successfully sold to new owners.

5. The OCC Property Team assumed responsibility for securing the building and negotiated a new three year lease. Due to the sale mentioned in point 4 above, the new landlord insisted on a mutual break clause at three months to give themselves flexibility. Due to the need to access the property for the equipment and provide some sort of provision, we had no other options but to agree to the lease.
6. However, on 22 October 2025, the new landlord, exercised their contractual right to serve 3 month's notice, thereby terminating the lease early. Since then, Millbrook and the Age Well and Property teams have been working on the assumption that we had to move warehouses by 22nd January 2026. This has been highlighted to system partners via the weekly Bronze and Gold updates and the monthly Joint Commissioning Executive.
7. The OCC Property team have worked with Millbrook to urgently identify suitable replacement warehouses over the last couple of months. It was decided that the service should remain in Bicester to reduce the risk of losing NRS staff now working for Millbrook and consequently impact service delivery. However this has narrowed the options available.
8. The Property team identified an alternative property in Bicester and agreed heads of terms to enter into a six-year lease, which included a break clause exercisable after 1st August 2028 subject to 3 months prior written notice, to align with the end date of the contract with Millbrook.
9. Millbrook advised that in order to operate from this property, alterations to the property would be needed which had been agreed with the Landlord. Given the time pressure to meet the 22nd January, it was agreed that Millbrook would action these changes however, given the timescales, it is impossible that these works will be completed by the 22nd January deadline.
10. On the 12th November the new landlord for the existing building offered OCC the opportunity to renegotiate terms for a new lease. After a period of negotiation, we have a final offer that requires a decision.
11. Property, Commissioning and Millbrook have had several meetings to discuss the available options. An overview is provided in the appendix to this report.
12. It was decided at Adult Social Care DLT on Monday the 1st December to proceed with Option 1. Due to the level of rent over the length of the term, this acquisition requires a key decision.

Risk Management

13. As demonstrated in the comparison in the appendix, the financials of the two options are relatively close. The key differential is the risk to service delivery. The option recommended poses the least amount of risk to service delivery.

Corporate Policies and Priorities

14. In normal circumstances, it would be the Provider's responsibility to source warehousing to deliver the service. However, given the cost of the emergency stand up and additional 6+6% margin OCC is paying to Millbrook, OCC explored opportunities to mitigate. It was suggested that, to save on the 6+6%, OCC could take on the lease of the warehouse directly. This would avoid the 6+6% payment, remove the risk of access issues in the event of another provider failure and is in alignment with OCC's ambition to become a corporate landlord in line with the approved Property Strategy. It also builds on the success of the support OCC's facilities management team provided during the emergency response

Staff Implications

15. Option 1 will mean no further OCC staffing time beyond BAU. Option 2 will need a significant input of both ASC and Property staff time.

Equality & Inclusion Implications

16. There are no equality and inclusion implications.

Financial Implications

17. The Community Equipment service with Millbrook was estimated to cost £9.8m pa. These costs are split between OCC and the ICB as part of the S75 pooled budgeting arrangements. This projection included estimated warehousing costs at c.£500k pa which, as with all other costs in the contract, would be subject to a 6+6% additional fee – equating to a 13.6% additional charge - totalling £568k pa.
18. Both options proposed are significantly below this estimate. The preferred option of option 1 which costs £448k pa (rent, service charge and an estimated sum for utilities etc) is therefore £120kpa cheaper compared to Millbrook's forecast.
19. Option 1 has higher revenue costs with the overall difference between the two proposed warehousing options being £91,000 per annum. However, option 1 avoids the need to move the equipment service, causing significant disruption over winter, the cost of which would likely exceed the cost differential between the options in bed days, bed occupancy, and deconditioning leading to larger care packages because of increased length of stay in hospital. Option 1 also avoids a £639k upfront fit out cost in year 1, when the budget for community equipment is already forecasting an £800k overspend this year across OCC and ICB.

20. The Council is acquiring this lease, instead of Millbrook, where we would have to pay an additional 6+6% which is projected to reduce spend by £295k over the duration of the contract.

Financial Comments checked by:
Stephen Rowles - ASC Finance Business Partner

Legal Implications

21. The unit will be occupied by way of a lease. The lease will not be protected by the Landlord and Tenant Act 1954 (ie when it comes to an end, OCC will have no right to remain). The lease is for ten years with a five year break clause which only OCC can activate. It can be activated on providing six months written notice to the landlord. This will need to be diarised and OCC will need to ensure all rent payments are up to date to be able to serve this notice. The terms proposed for the draft lease are in line with normal commercial leases and will include a provision allowing OCC to share occupation with Millbrook. The rent is £278,928 + VAT pa (after a 3 month rent free period) and will be reviewed upwards in line with RPI after 5 years. There will also be a service charge to pay (amount TBC). Stamp Duty Land Tax will come to around £25,500.

Legal Comments checked by:
Richard Hodby, Solicitor, Law and Governance

Sustainability Implications

22. There are no sustainability implications

Vic Kurzeja, Director of Property Services
vic.kurzeja@Oxfordshire.gov.uk

Contact Officers:

Michael Smedley, Head of Estates, Assets, and Investment
Michael.smedley@Oxfordshire.gov.uk

Henry White, Operations Manager, Property Strategy
Henry.white@Oxfordshire.gov.uk

4 December 2025