

Divisions Affected – All

CABINET 23 January 2024

City Centre Accommodation Strategy Report of Performance and Corporate Services Overview & Scrutiny Committee

RECOMMENDATION

1. The Cabinet is **RECOMMENDED** to —
 - a) Agree to respond to the recommendations contained in the body of this report, and
 - b) Agree that relevant officers will continue to update Scrutiny for 12 months on progress made against actions committed to in response to the recommendations, or until they are completed (if earlier).

REQUIREMENT TO RESPOND

2. In accordance with section 9FE of the Local Government Act 2000, the Performance and Corporate Services Overview & Scrutiny Committee requires that, within two months of the consideration of this report, the Cabinet publish a response to this report and any recommendations.

INTRODUCTION AND OVERVIEW

3. The Performance Overview and Scrutiny Committee considered a report on the Council's City Centre Accommodation Strategy at its meeting on 19 January 2024, shortly prior to Council's own consideration of this item.
4. The Committee would like to thank Cllr Dan Lew, Cabinet portfolio holder for Finance, Vic Kurzeja, Director of Property Services, Liz Clutterbrook, Head of Major Projects, Chris Dyer, Operational Manager, Senior Project Lead, and author of the outline business case from PWC, Jonathan Clapton, for preparing and introducing the report, and for attending to answer questions.

SUMMARY

5. Owing to the commercially sensitive nature of the topic under discussion this item was considered in private session and details of the discussion here are therefore limited. However, it is possible to report that there was overall support for the Council's preferred option, to vacate and dispose of County Hall and move to Speedwell House. However, support for this option was not unanimous.
6. Topics explored by the Committee included whether a City Centre location did represent value for money, the likely uses of County Hall after any disposal, flexibilities and restrictions over social value and market value taken together with the Council's legal obligations in this respect within the context of place-shaping objectives, potential practical requirements for Speedwell House, risks of the planning process, and timings and costings.
7. The Committee makes two recommendations, focusing on clarifying the Council's place-shaping ambitions for any disposal, and the space requirements for any move to Speedwell House. Further to this, the Committee makes three observations to highlight the issues which are of particular importance when the Cabinet is making its decision.

RECOMMENDATIONS AND OBSERVATIONS

8. As part of its report to support its decision Cabinet is told that now is 'a once in a generation opportunity' to allow the Council to realise its ambition to be a place-shaper of choice. The Committee agrees that the coincidence of this move with the planned regeneration of Oxford West End does create particularly rich opportunities for joined-up place-making at a meaningful scale. This importance is reflected in the inclusion of requirements that the preferred option 'contribute to regeneration and economic development' and 'enhance social value in the city and countywide' as critical success factors for assessing possible options.
9. The Committee's assessment on this topic is that given the critical importance of these measures, the Council's plan is vague. This is especially problematic as the terms 'social value' and 'regeneration' are themselves very broad and are subject to multiple interpretations. In an outline business case running to over 100 pages and almost 30,000 words, social value is mentioned 12 times, four of those in a paragraph of significantly fewer than 100 words explaining how social value will be delivered, and the majority of the remainder being references in various appendices to the critical success factors. Regeneration is referenced more often, 36 times, but still a relatively low number for something deemed critical.
10. It is appreciated that the Cabinet does have an outline business case, the purpose of which is to help determine between different courses of action, not to flesh out all aspects of its place-making priorities. However, the Committee would suggest that, at present, the detail is too light. If the disposal of County

Hall (or Speedwell House) represents a once in a generation opportunity to shape the west of central Oxford, what sort of place does it want to see? What does it think is possible or likely? What steps will it take to explore those opportunities? It is not clear whether the Council would like to see key worker or social housing on the site, student accommodation, a life sciences base, or if its key priority is to maximise income to safeguard its services to residents and rely on social value and regeneration to accrue passively through the redevelopment of the site? All could be said to accord with the critical success factors around regeneration and social value, but they are very different. Given the once in a generation nature this decision presents, the Committee feels that the place-making vision and plan for achieving that vision must be made explicit and subject to discussion, internally at the very least. It would be a tragedy if the opportunities afforded by this strategy were left unrealised. The Committee recommends, therefore, that the Council produces a vision document and plan, detailing its understanding of 'social value' and 'regeneration', its priorities for place-shaping, the opportunities it sees, and the steps it will take to see those priorities realised throughout the implementation of the strategy as part of the report for the Cabinet's next decision on the sales of either County Hall or Speedwell House.

Recommendation 1: That the Council produces a vision document and plan, detailing its understanding of 'social value' and 'regeneration', its priorities for place-shaping, the opportunities it sees, and the steps it will take to see those priorities realised throughout the implementation of the strategy as part of the report for the Cabinet's next decision on the sales of either County Hall or Speedwell House.

11. Whilst the recommendation above seeks to ensure that planning to realise fully the opportunities for place-making in the future, the Committee does also draw attention to an immediate issue. One of the recommendations being made to Cabinet is '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 Committee highlights that how this is done, and with whom, is closely related to the outcomes it is likely to deliver through the strategy.
12. In the first instance, the Committee is concerned that passive market testing, even at an early, soft, stage – simply putting the potential availability of Speedwell House or County Hall out there and waiting for expressions of interest – will most likely simply generate responses from those who are set up to monitor and respond to such information. Those who may be more aligned with what the Council would actually like to see developed and delivered may not be among that group. As such, proactively reaching out to organisations whose skills and interests align with the Council's own objectives for the site is important. Equally, it is important not to jettison ideas by setting expectations for responses and assurances at a level that only the slickest of commercial outfits might be able to meet. The Committee feels it is better that the Council is aware of as many potential options as possible, particularly those which accord with its priorities, and to make an informed decision on practicalities at a later point than not to hear them in the first place.

Observation 1: That how and who the Council engages with in soft market testing will directly impact on the opportunities it becomes aware of, the options it pursues, and therefore the ultimate outcomes of any decision. Some organisations in alignment with the Council's ambitions may require proactive engagement or more time to explore proposals.

13. The details of the following recommendation relate to items with the outline business case, an exempt document but are based on the information in ss. 3.4, 3.5 (pp. 239 – 232) and Table 13 (p. 262) of the Cabinet pack. In discussion, it was suggested that based on current average and peak-time usage of County Hall, the planned floorspace if Speedwell House were to be occupied was unnecessarily high. Discussion was held over the reasons for the figure. These included the need for democratic meeting spaces - which would need to remain the same as at present - the growing requirement for hybrid meeting rooms and collaboration spaces, the potential to share spaces with other organisations, and the potential for further consolidation of the Council's work spaces into Speedwell House in the future.
14. The Committee's response to these explanations was mixed. However, there was clear agreement that the Council should not be trying to determine its space requirements without having a clear plan of which properties are expected to be consolidated into Speedwell House. This is a relatively easy fix and one which would improve the precision of the Council's plans.

Recommendation 2: That the Council has a clear understanding over potential future consolidation of current staff buildings into Speedwell House when determining its floorspace needs.

15. In a similar way to the recommendation above, the Committee notes a degree of vagueness around the potential plans for using any excess space in Speedwell House to co-locate with other organisations. However, it does recognise that planning internal co-locations is more straightforward than with external partners; any plans will be much more provisional, hence the fact it does not make a similar recommendation as with internal consolidation. Nevertheless, the Committee does wish to draw out the point that offering out un-needed space once the dust has settled from the decant is not an optimal approach to co-location. Understanding potential co-locatee's requirements for space, meeting rooms, storage and IT infrastructure and designing them in (or at least not designing them out) is far more likely to yield positive results than if a less planned approach is taken. Given that any co-location would be expected to yield both operational benefits and an income, it is important that the Council does not spurn opportunities by adopting too passive an approach.

Observation 2: That opportunities and plans for co-locating in Speedwell House with other organisations, if their benefits are to be fully-maximised, require fuller planning and costing.

16. A final issue the Committee would wish to raise to Cabinet is that of costings. To prevent disclosure of exempt information the details are discussed in p. 316

of Cabinet members' packs – the Technical Appraisal: Headlines and Revised Assumptions.

17. The Committee notes that the initial business case was considered by the Cabinet Advisory Group in June 2023, having been developed in the first half of 2023. It also notes the not-insignificant changes around costing and income assumptions between the initial business case and the outline business case. These changes have occurred over a period of less than a year from commencement of the initial business case, and just over six months from its consideration. The Committee does not contest these changes. Indeed, it recognises that part of the point of having multiple iterations is to reach more accurate costings without having to commit to as much time and money investigating in detail unworkable ideas. However, the scale of the changes over a relatively short timeframe does reflect volatility of current market conditions, and thus the risk. If the expected figures for income and expenditure can vary as they have in a period of six months to a year, the risk to the Council is higher given its timeframes extend beyond that.
18. Operating in conditions where the range of possible financial outcomes around income and expenditure are much wider is inherently riskier than doing so in a more stable and predictable environment. However, the Committee is keen to stress that the Council faces a particular risk from the way this project is structured. The price it would dispose of County Hall for would be agreed in advance of the majority of work to Speedwell House. Pre-agreed sale prices are fixed, whereas a significant refurbishment is liable to experience - or at least has the potential for - cost overruns. The Committee accepts that any project must accept uncertainty, and that the 'do-nothing' option is not viable, meaning that the volatile economic environment is the one the Council has to operate in. Nevertheless, it seeks to stress that Cabinet must ensure it recognises the scale of the risk and is satisfied that it can and will be managed to mitigate the risk as far as possible.

Observation 3: That the economic environment in which the Council is undertaking this project is volatile, and that volatility is further magnified by the risk inherent in relying on a fixed capital receipt to offset a potentially variable cost of refurbishment. This risk must be recognised and mitigated as far as possible.

FURTHER CONSIDERATION

19. The Committee hopes, subject to the timing being suitable, to receive a report at its April meeting specifically to consider who and how the Council will approach interested parties for soft market-testing in the event the decision is made by Cabinet to dispose of County Hall.

LEGAL IMPLICATIONS

20. Under Part 6.2 (13) (a) of the Constitution Scrutiny has the following power:
'Once a Scrutiny Committee has completed its deliberations on any matter a formal report may be prepared on behalf of the Committee and when agreed by them the Proper Officer will normally refer it to the Cabinet for consideration.
21. Under Part 4.2 of the Constitution, the Cabinet Procedure Rules, s 2 (3) iv) the Cabinet will consider any reports from Scrutiny Committees.

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Annex: Pro-forma Response Template

Background papers: None

Other Documents: None

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