

Divisions Affected – Jericho & Osney

CABINET
19 September 2023

PROPOSAL TO DISPOSE OF REWLEY ROAD SITE

Report by Director of Property Services

RECOMMENDATION

1. The Cabinet is RECOMMENDED to

- a. Agree to the disposal of the Rewley Road site, as set out in exempt Annex 1, subject to negotiating and agreeing final heads of terms.
- b. Delegate authority to the Director of Finance, in consultation with the Cabinet Member for Finance and Property, to negotiate and agree the final heads of terms which will be substantially in accordance with the details set out in exempt Annex 1.
- c. Delegate authority to the Director of Finance, in consultation with the Head of Legal and Deputy Monitoring Officer, to conclude negotiations and complete all necessary legal documentation and any other steps necessary to implement the scheme as set out in the report.

Executive Summary

2. The [Property and Asset Strategy](#) agreed by Cabinet in November 2022 set out the council's long-term vision for its estate along with a set of objectives aligned with delivering the council's strategic plan priorities. This included a road map for Oxford city centre accommodation and the rationalisation of office and operational accommodation across the county.
3. The Rewley Road site has been identified as being suitable for rationalisation and regeneration for many years, but no schemes or proposals have previously progressed due to the impact on viability resulting from the need to rebuild or relocate the fire station currently on the site.
4. A property developer has acquired the adjoining office building, Beaver House, for redevelopment and has identified a unique opportunity to extend their proposed development by acquiring a lease of the whole site and granting Oxfordshire County Council's (OCC) a sublease of the new Fire Station site.
5. The capital receipt value offered by working with the developer/investor of the adjoining site is considerably higher than if the Rewley Road site was considered for development in isolation.

6. As part of the proposal, the property developer proposes to build a new fire station on part of the site in accordance with the needs and requirements of the fire service.

Background

7. The Property and Asset Strategy was agreed by Cabinet in November 2022. This set out the council's long-term vision for its estate as: 'To create an efficient, innovative, and accessible property estate, which delivers our climate objectives and generates social value for our residents, workforce, and customers of the property service. Whenever possible, we will use our estate to support regeneration and the long-term financial sustainability of the Council.'
8. The strategy sets out how county council property and assets contribute to the strategic objectives of the authority, particularly climate action but also support a changing workforce and improvements to service access and delivery.
9. The strategy sets out a set of long-term objectives covering the council's three main portfolios – operational accommodation, community assets and investment assets. Each of these portfolios contains a series of priorities aligned with delivering the council's corporate strategy and objectives.
10. The report to Cabinet in November 2022 set out the implementation priorities over the 12 months to November 2023. This included a road map for Oxford city centre accommodation and the rationalisation of office and operational accommodation across the county.

Rewley Road site

11. The Rewley Road site is located in Oxford's west end, adjacent to the Said Business School to the west and Beaver House to the south. The west end of Oxford is an area planned for regeneration.
12. Oxfordshire County Council owns the site's freehold, which is 4,960 sqm in size and is currently valued, for its existing use, at £3.6m (without development potential).
13. The site currently contains 2,905 sqm of accommodation, including a six-bay fire station (including a high reach platform), ancillary office accommodation and training/classroom facilities.
14. The requirement for a six-bay station in the Oxford city area is based on historic standards of fire cover for the building and population risk in the city and historic approaches to crewing specialist vehicles no longer housed at Rewley Road. Whilst the need for a fire station in the area remains, it has long been understood determined that a station with fewer vehicle bays would

provide suitable cover for the area if some of the response vehicles were moved to other city locations.

15. The site has been identified as being suitable for rationalisation and regeneration for many years, but no schemes or proposals have progressed to date due to the impact on viability resulting from the need to rebuild or relocate the fire station.
16. The site was valued by external consultants to maximise value at £13.8m in December 2022 based on the development potential of office/life science accommodation for the whole site.
17. The cost of demolishing and rebuilding a fire station on site is estimated at around £9.2m. The cost of re-building on a non-council owned site within Oxford city would be considerably higher as it would need to include the cost of acquiring the land.
18. The site has also been considered as part of Oxford city centre accommodation strategy. However, the Initial Business Case concluded that the Rewley Road site option failed to meet several of the project's critical success factors, namely value for money and affordability. In addition, the Council would forego any potential capital receipt from releasing any surplus area of site if it were to occupy the site for its own operations.

Disposal opportunity

19. A property developer has acquired the adjoining office building, Beaver House, for redevelopment and has identified a unique opportunity to extend their proposed development by acquiring the Rewley Road site.
20. The developer proposes to make a capital payment for the long leasehold interest and will thereafter pay an annual rent. The capital receipt value offered by working with the developer of the adjoining site is considerably higher than if the Rewley Road site was considered for development in isolation.
21. In addition, the developer proposes to pay an annual rent for 175 years from 12 months after practical completion.
22. The offer received is only on the basis that the site is used for office/ lab accommodation.
23. The developer proposes to build a new three storey, two bay fire station, to a specification provided by the council and the agreed cost will be deducted from the capital receipt. A solution is proposed to allow the fire station to continue to operate until the new station is built ('turn-key').
24. As set out above, the Fire Service have confirmed that a two-bay fire station would continue to meet statutory functions and provide cover for the centre of Oxford. There will be a requirement to provide training facilities and a location

for a high reach platform on other sites and this will be addressed as part of the other requirements outlined in the Community Safety Services Property Strategy, which is elsewhere on the agenda, should this item relating to Rewley Road be approved.

25. It is proposed that OCC retain the freehold interest in the site, granting the developer a 175 year lease with a sublease back to OCC, for the fire station component of the site, for a peppercorn rent.
26. Non-binding heads of terms for the proposal have been agreed upon as set out above and in detail in exempt Annex 1.

Next Steps

27. The Community Safety Services Property Strategy, also on the agenda of this Cabinet meeting sets out a recommended option for delivery of Fire & Rescue services in Oxford city. Subject to approving the recommendations in this report, and the approval of the recommendations in the Community Safety Services Property Strategy report, the next steps will be to complete the agreement with the developer and for the developer to progress an application for planning consent. This is expected to be submitted in October/November 2023.
28. Upon receipt of full planning consent, a contract will be entered into including a lease agreement as outlined in the heads of terms at exempt Annex 1. If full planning consent is not granted, the disposal of the Rewley Road site will not progress and the Community Safety Services Property Strategy will similarly not progress in its current form.

Financial Implications

29. The Capital & Investment Strategy for 2023/24 that was agreed by Council in February 2023 sets out that the principle that capital receipts should be treated as a corporate resource and used across the capital programme flexibly. In this case the council has a one – off opportunity, through the linked redevelopment of the adjacent property, to replace the existing fire station on the same site.
30. Since the receipt only arises because of the release of land associated with the redevelopment of the fire station the element required to support that needs to be linked to the capital receipt. The use of any remaining element of the capital receipt needs to be considered as part of the council's capital governance process.
31. The proposal from the developer would provide a capital receipt higher in value than the latest land valuation, therefore the disposal is compliant with the best value duty as set out in section 123 of the Local Government Act 1972.
32. In addition, the proposal includes future revenue income for the Council, which otherwise would not be received.

Comments checked by:
Kathy Wilcox, Head of Financial Strategy
Kathy.Wilcox@Oxfordshire.gov.uk

Legal Implications

33. The Council has power to dispose of its land assets pursuant to Section 123(1) of the Local Government Act 1972, subject to its duty to ensure it receives best value for them. The Council owns the freehold to the Rewley Road site.

34. The legal documentation required to effect the transaction will be complex and the Council will be required to show title to the land.

Comments checked by:
Richard Hodby, Solicitor
richard.hodby@oxfordshire.gov.uk

Sustainability Implications

35. The proposal by the developer must support the Council's net zero carbon emissions pledge through high sustainable development aspirations and overall net zero emissions targets.

Risk Management

36. The Council must ensure that all capital payments received come from the client account of a firm of solicitors acting for the developer, which has taken responsibility for money laundering checks. The Council may wish to conduct independent checks on the source of the funds and must reserve the right to withdraw from the transaction at any stage in the event that these are not completed to its satisfaction.

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

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