

To: Board Member for Finance and Efficiency

Date: 15 August 2011

Report of: Head Corporate Assets

Title of Report: Granting of option agreement with BMW (UK) Manufacturing Limited on land at Horspath Road/Oxford Road, Cowley

Summary and Recommendations

Purpose of report: To seek approval to grant an option to BMW (UK) Manufacturing Limited on land at Horspath Road/Oxford Road, Cowley.

Key decision? Yes

Executive lead member: Councillor Ed Turner

Report approved by: David Edwards,
Executive Director, Regeneration and Housing

Finance: Paul Jemetta
Legal: Lindsay Cane

Recommendation(s): The Executive member is recommended to:

1. Agree to an option agreement with BMW for land off Horspath Road and Oxford Road, Cowley, as detailed in this report and otherwise on terms and conditions to be approved by the Head of Corporate Assets.

Background

1. This report seeks approval to grant an option agreement to BMW (UK) Manufacturing Limited (BMW) on land owned by Oxford City Council and hatched on the plan attached at Appendix 1.
2. The option would allow BMW to consider the relocation of the Rover Sports and Social Club (RSSC) onto the hatched land owned by Oxford City Council to allow for the expansion of the plant and assist in protecting and creating employment.
3. Whilst BMW have no currently approved plans or intentions for plant expansion, they are concerned that they have no readily available plant expansion land to take advantage of intra company opportunities should they become available. They now wish to remedy that position.

4. In summary, the proposal includes:
- Granting, on commercial terms, an option to BMW on a site owned by the Council and comprising unused statutory allotment land (the allotments have not been cultivated for 11 years) and existing agricultural land to facilitate the relocation of the RSSC premises. The existing agricultural tenancy dated 14 January 2001 of the main part of the land provides an annual rent of £1,256 per annum on a year-to-year tenancy with determination rights in favour of the Council by giving the tenant three calendar months notice in writing expiring at any time.
 - Entering into an agreement for lease with RSSC.
 - Exploring opportunities for wider community use/benefit from the granting of public access to the potential new RSSC facilities.

Issues

5. BMW requires the RSSC land for potential expansion of its manufacturing facilities in order to be best placed to bid for intra-company business. In order to do this BMW need to relocate RSSC to a nearby site owned by the Council, BMW require an option to allow time to work up the proposals, establish the business case and to secure required funding. In supporting the potential for expansion of the plant the Council would be supporting existing and new employment and avoiding the need to consider off-site development options which could increase vehicle movements.
6. Planning officers have confirmed that the Council land is designated Green Belt and is potentially suitable for outdoor sports use under the Local Plan. (Policy DS 34). This specifically mentions 'planning permission will be granted at the Horspath site, land south of Oxford Road, for the development of outdoor sports facilities'.. In addition, the consultation development document 'Sites and Housing' dated June 2011 states that the 'City Council is still in strong support of facilitating the expansion of BMW' and that RSSC 'would like to use the site as replacement sports and social facilities'. The adjacent site (shown on plan) might also be considered as an option for cemetery use if any residual land were of sufficient size. That aspect is not considered further within this report.
7. Members will be aware that an option has been entered into on part of the site with Partnerships for Renewables (PfR) for the erection of a wind turbine. As a result of concern from the MoD, the proposal is no longer able to proceed and the PfR option is now in the process of being cancelled.
8. Part of the Council land comprises former allotment land and this land has remained unused for 11 years. The Council has an approach not to reopen former allotment sites.

9. BMW would, as part an agreement with RSSC, deliver a completed building to a specification agreed with the Council that would then be leased to RSSC on terms to be agreed.
10. A final report setting out the terms proposed by BMW and RSSC would be presented in due course following the completion of negotiations with BMW and RSSC and before any final decision is made.

Risk Implications

11. A risk assessment has been undertaken and the risk register is attached as Appendix 2. This will be maintained and updated throughout the tender process.

Sustainability and Climate Change Implications

12. In granting an option to BMW for the relocation of the RSSC, it would allow the possible expansion of the manufacturing facility without the need to have an off-site secondary facility and additional off-site traffic movements. Colleagues from the Climate Change Team will be fully consulted.

Equalities Implications

13. The provision of new and improved community facilities at Horspath Road would improve leisure opportunities for local residents. An Equalities Impact Assessment will be undertaken if the scheme of RSSC relocation progresses.

It is not feasible to produce an equalities impact assessment in advance of the detailed proposals for the replacement of the community facilities being received. This detail will form part of the report back to CEB..

Financial Implications

14. The Oxford Council owned property currently produces an annual income by virtue of the Agricultural Tenancy (from 31st May 1978) over the 29.93 acres of £1,256 per annum.
15. It maybe necessary to compensate the tenant to secure possession by agreement. The costs would be met by BMW.
16. The Council's costs in seeking independent external specialist advice in this matter are being met by BMW.
17. The Council will possibly be in receipt of capital and/or income depending on how the option subsequently proceeds.

Legal Implications

18. The power to dispose of land is contained within S123 of the Local Government Act 1972 for best consideration. Any disposal of the disused former allotment land will require Secretary of State's consent in due course.

Recommendations

19. The City Executive Board is recommended to:
 1. Agree to the entering into of an option agreement to BMW for land off Horspath Road and Oxford Road, Cowley as detailed in this report and otherwise on terms and conditions to be approved by the Head of Corporate Assets.

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List of background papers: Appendix 1 plans showing the property
Appendix 2 risk register

Version number: 1

Appendix 2

CEB Report Risk Register – Granting of Option to BMW (UK) Manufacturing Limited on land at Horspath Road/Oxford Road, Cowley

Risk Score **Impact Score:** 1 = Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic
Probability Score: 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain

No.	Risk Description Link to Corporate Objectives	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid		Monitoring Effectiveness				Current Risk	
		I	P			I	P			Q	Q	Q	Q	I	P
1.	Negotiations fail with BMW.	3	3	BMW/ OCC fail to agree a 'common position'.	Mitigating Control: Close contact during procurement process. Level of Effectiveness: (HML) H	2	2	Action: Ongoing contact throughout process to ensure parties still interested. Action Owner: Jane Winfield	Outcome Required: Successful negotiation. Milestone Date: October 2011	1	2	3	4		
2.	Reputational risk	2	2	Decision made to pursue capital receipt over 'wider community benefits'.	Mitigating Control: Head of Corporate Assets continues liaison with Lead Members. Level of Effectiveness: (HML) H	1	1	Action: Liaison with Lead Members and recognition of any change in policy. Action Owner: Steve Sprason Mitigating Control: Control Owner:	Outcome Required: CEB approve detail. Milestone Date: October 2011						



Land at Horspath Road and Oxford Road, Cowley, Oxford