

To: Delegated Decisions of the Board Member, Finance and Efficiency

Date: 15 August 2011

Report of: Head of Corporate Assets

Title of Report: Harcourt House, Marston Road –
Joint Promotional Agreement

Summary and Recommendations

Purpose of report: To seek authority to enter into a joint promotional agreement to bring the site forward for development, (this will also require a variation to the existing lease). Also the City Council will take a lease of part of the property which is currently laid out as car parking on a temporary basis to provide a temporary public car park during development (subject to the obtaining of planning consent) of the St Clement's Car park.

Key decision? No

Single Member decision: Councillor Ed Turner ~ Finance, Corporate Assets and Strategic Planning

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

Finance: TBC

Legal: TBC

Policy Framework: A vibrant and sustainable economy, strong and active communities.
An efficient and effective Council.

Recommendation(s): The Executive Member for Finance, Corporate Assets and Strategic Planning (Councillor Turner) is RECOMMENDED to:

1. Give approval to enter into a Joint Promotional Agreement as described in this report, and otherwise on terms and conditions to be approved by the Head of Corporate assets.

2. Note that the City Council will enter into a lease of the existing Harcourt House car park for a period of up to 2 years for the provision of temporary car parking.
3. Note the intention to agree a variation to the existing Harcourt House lease as described herein.

Appendices

Appendix 1 – Site Plan

Appendix 2 – Report Risk Register and Confidential Appendix

Appendix 3 – Details of Joint Promotional Agreement

Background

1. The City Council owns the freehold interest of the property known as Harcourt House and which is edged black on the plan at Appendix 1. The majority of the property is let to the Department for Work and Pensions and managed by Telereal (Trillium). The lease is for a term of 75 years expiring 29th September 2029 (18 years unexpired), the rent is fixed at £135 per annum and the tenant is responsible for all repairs and insurance.
2. The lease also provides for an ability for the City Council to buy back any part of the site at open market value on an application from the tenant to assign or sub-let.
3. In the site and housing development plan document (preferred options) published in June 2011, the preferred option is to allocate the site for residential and/or student accommodation. It is also allocated in the Oxford Local Plan 2001-2016 for student accommodation and teaching/administration accommodation for Oxford Brookes University. The Head of Corporate Assets is also aware that representations have been made to widen the preferred option to include potential use for educational purposes.
4. The property is currently part occupied by a tenant for vehicle hire purposes, part is also occupied by the army cadets and the majority of the site (which is former public sector offices) is vacant.

Report

5. The City Council has been approached by Telereal Trillium (the existing tenant) and is proposing to enter into a joint promotional agreement on commercial terms, which are outlined in the not for publication appendix 3..

6. This will potentially allow the site to be brought back into beneficial use and receipts realised at a much earlier date, and before the end of the current letting.
7. On 20th May 2009 the City Executive Board approved the disposal of St Clement's Car Park to facilitate the development of student accommodation.
8. The developer, Watkin Jones, has now submitted a planning application, and on the 13th July 2011 the West Area Planning Committee resolved to defer the application to allow further public consultation. It is now likely that the application will be reported to a further meeting in September.
9. There is local concern regarding the proposed St Clement's development on the basis of a lack of replacement temporary car parking facilities during the development of the site, and this proposal will additionally enable the taking of a short-term lease of the existing Harcourt House car park to provide that replacement parking. The replacement site is within ½ mile of the shops and businesses in St Clement's.
10. Subject to the consideration of a detailed planning application in due course, planning officers have indicated broad agreement to the Harcourt House location as being suitable for the provision of temporary car parking.

Environmental Implications

11. No direct implications arising out of this proposal.

Risks

12. A risk assessment has been carried out and is attached at Appendix 2.

Financial Implications

13. The entering into of the joint promotional agreement will bring forward the site for early development. On the sale of the property there will be a capital receipt to the Council.

Planning Implications

14. Planning consent will be required for the use of the temporary car parking by the public. An application has been submitted and is likely to be heard at the West Area Planning Committee on 14th September.

Legal Implications

15. The power to dispose of land is contained within Section 123 of the Local Government Act 1972 for best consideration.

Equalities

16. There are no equalities implications arising out of this report.

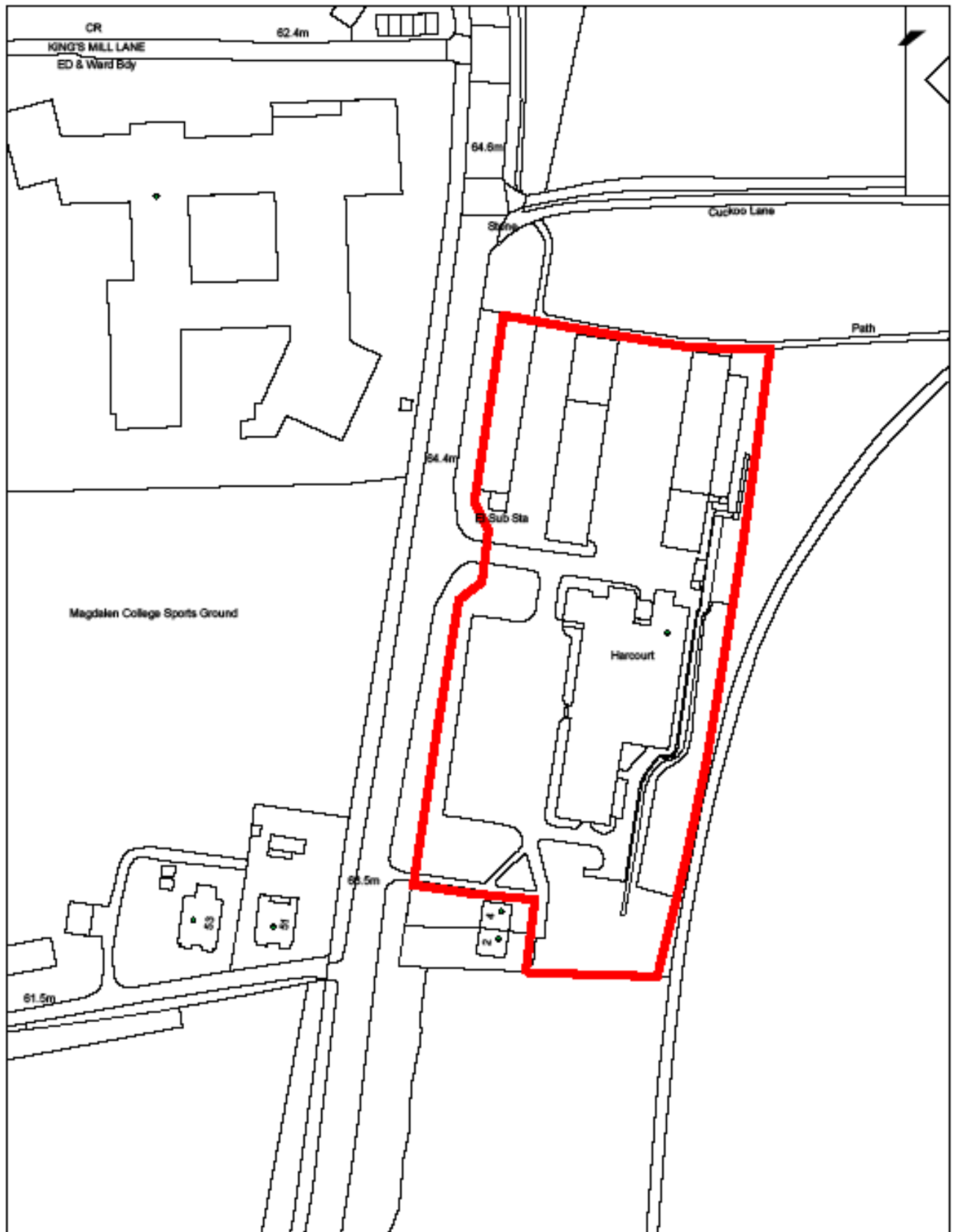
Conclusion

17. The entering into of the joint promotional agreement is linked to the ability to lease the existing car park for temporary use. The sale of the site will bring forward a capital receipt and the development of the site.

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List of background papers: None
Version number: 2



Title; Harcourt House

Scale: 1:1,250

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Corporate Assets

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Single Member Decision Report Risk Register – Harcourt House, Marston Road – Joint Venture Agreement

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
12	Failure to agree detailed terms for the joint venture, sub-lease and lease variation	1	3	City Council or Telereal Trillium have unrealistic expectations.	Mitigating Control: Detailed heads of terms agreed. Level of Effectiveness: (HML) H	1	2	Action: Further management of risk. Action Owner: Jane Winfield Mitigating Control: Reduce. Transaction to the legally documented as a matter of urgency. Instruct external solicitors to negotiate legal documentation. Action Owner: Jane Winfield	Outcome required: Detail agreed. Transaction completed successfully. Milestone Date: October 2011	Q	Q	Q	Q	I	P
		4	3			2	2			1	2	3	4		
2.	Failure to gain planning consent for temporary car parking.	2	3	Local Planning Authority fail to grant consent.	Mitigating Control: Pre-application consultation with Local Planning Authority. Level of Effectiveness: (HML) H			Action: External consultants to prepare planning application. Action Owner: Jane Winfield Mitigating Control: Action Owner: Jane Winfield	Outcome Planning consent granted. Milestone Date:						

Appendix 2

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
3.	Failure to gain appropriate planning consent in respect of the redevelopment of Harcourt House.	3	3	Planning application is inappropriate.	Mitigating Control: Pre-application consultation with Local Planning Authority. Level of Effectiveness: (HML) H			Action: Reduce/instruct appropriate consultant to provide planning advice and prepare application. Action Owner: Jane Winfield Mitigating Control: Action Owner: Jane Winfield	Outcome Appropriate planning consent granted. Milestone Date:					

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