

To: Cabinet
Date: 20 January 2021
Report of: Executive Director – Development
Title of Report: Regear of Lease 20-24 Queen Street

Summary and recommendations	
Purpose of report:	To approve a change in the current lease arrangements to provide an improved income stream to the Council and to facilitate investment in the asset to improve and diversify the city centre offer
Key decision:	Yes
Cabinet Member:	Councillor Ed Turner, Cabinet Member for Finance & Property
Corporate Priority:	Foster an inclusive economy
Policy Framework:	Council Strategy 2020-2024
Recommendations: That Cabinet resolves to:	
<ol style="list-style-type: none"> 1. Approve the outline terms in relation to the changes to the lease arrangements, as set out in Exempt Appendix 3 - not for publication; and 2. Delegate authority to the Executive Director – Development, in consultation with the Cabinet Member for Finance & Property, the Head of Finance and the Head of Law & Governance, to approve the changes to the lease. 	

Appendices	
Appendix 1	Plan
Appendix 2	Risk register
Appendix 3	Exempt Appendix 3
Appendix 4	Exempt Appendix 4

Introduction and background

1. The Council owns the freehold interest in the whole of 20-24 Queen Street. The property is let under the terms of a long lease, with 101 years unexpired on this head lease, for which a ground rent is received.
2. The property comprises retail at ground and basement level with purposes built offices on the 2nd floor. The 1st floor was previously retail space and is currently being marketed as office accommodation. A plan showing the location is in Appendix 1
3. Oxford City Council has leased back the 2nd floor offices, which it used to occupy. It holds a further 101 years, but with landlord breaks from 2041. The Council currently lets this property to an external party.
4. The head lease of the building has recently been purchased by a third-party, and following commercial discussions with them, the Council is proposing a change to its interest in the offices at second floor.
5. Outline terms have been agreed for this transaction and approval is sought to work up detailed heads of terms and proceed enter into the transaction described in the not for publication appendix 3.

Financial implications

6. The new arrangements provide additional secure income to would support the Council's Medium Term Financial Plan. Further details are in Appendix 3 - not for publication.

Legal issues

7. Section 123 of the Local Government Act 1972 requires that where the Council disposes of land, it does so for the best consideration that can reasonably be obtained. This transaction will be supported by external advice which confirms that the terms meet this obligation.

Level of risk

8. A Risk assessment is attached at Appendix 2

Equalities impact

9. This transaction will generate a return to the General Fund, enabling the Council to provide discretionary services which delivers benefit to the most vulnerable.

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Background Papers: None

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