

To: Cabinet
Date: 12 July 2023
Report of: Executive Director (Development)
Title of Report: City Centre Land Transaction

Summary and recommendations

Purpose of report: To seek authority to let the whole or parts of St Aldate's Chambers

Key decision: Yes

Cabinet Member: Councillor Ed Turner, Deputy Leader (Statutory) - Finance and Asset Management

Corporate Priority: Enable an Inclusive Economy

Policy Framework: Council Strategy 2020 - 24

Recommendation: That Cabinet resolves to:

1. **Delegate authority** to the Executive Director (Development), in consultation with the Head of Financial Services / S151 Officer, the Head of Law and Governance and the Deputy Leader (Statutory) - Finance and Asset Management to enter into lease(s) to let the whole or parts of St Aldate's Chambers to any tenant on terms which fulfil the requirements of S123 Local Government Act 1972.

Appendices

Appendix 1 (Confidential) City Centre Land Transaction background and options
 Appendix 2 Risk Register

Introduction and background

1. St Aldate's Chambers (SAC) is now vacant following the consolidation of the Council's office space within the Town Hall and relocation of staff.
2. The letting of SAC is part of a number of measures that the Council is taking in order to reduce cost, secure income, and protect services. Staff have now been relocated to the Town Hall in line with the Asset Management strategy supporting the efficient use of Council assets. Works to the Town Hall have already taken place to ensure an

appropriate working environment and further improvements are envisaged over coming years.

3. A cabinet decision was taken in September 2022 to agree a letting and to delegate authority to the Executive Director of Development in consultation to enter into lease(s) to let the whole of SAC in line with the strategy set out in a confidential appendix.
4. A previous letting to a tenant of the whole of SAC was progressing in 2022 but, despite officer discussions and assurances provided to the Council, the letting fell through in February 2023.
5. Officers had already returned the property to the market and a number of offers have been received. See Confidential Appendix 1 for detail.
6. Authority is now sought from Cabinet to widen the officer delegation to enter into lease(s) to let the whole or parts of SAC to any tenant on terms which fulfil the requirements of s.123 Local Government Act 1972. This would include the recommended offer as set out in Appendix 1, which is for the building to be let in its entirety, but also other offers that fulfil these requirements should the current deal not go ahead as planned.

SAC in context of Oxford office market

7. The current standard city centre office requirement is for 4,000 – 5,000 sq ft of space, grade A specification and in “walk in” condition. Occupier demand for SAC, which extends to c.40,000 sq ft and below grade A specification, is a more specific HQ style building requirement with a tenant looking for a much larger floor area and willing to undertake significant works. These tenant requirements are far fewer and, although SAC offers the only building of this type currently in the market, it is important to secure the current interest given the financial benefits a letting of whole provides.
8. The city centre office rents remain resilient with demand still outstripping supply. North Bailey House, New Inn Hall Street, Oxford is understood to be under offer as a whole (c.20,000 sq ft) at £62.50 psf. This is a newly refurbished property offering Grade A office specification.
9. Park Central, Park End Street is a current off market office proposition. It is understood that the top floor is under offer at £60.00 psf with a further tenant discussing terms at ground and first.

Financial implications

10. A letting will provide a significant revenue to support the Council’s Medium Term Financial Plan. Details of the effect of the proposal are in the Confidential Appendix 1.

Legal issues

11. Section 123 Local Government Act 1972 empowers a local authority to dispose of land, by way of lease or sale. The disposal of land cannot be for a consideration less than the best that can be reasonably obtained, unless the consent of the Secretary of State is obtained. The proposal is in line with s.123 requirements.

Level of risk

12. A risk register is attached at Appendix 2.

Equalities impact

13. This will be a property transaction with the Equalities Impact being neutral.

Carbon and Environmental Considerations

14. The letting supports the consolidation of staff into a single building (Town Hall) which reduces the council's footprint and energy requirements. Opportunities to improve the energy efficiency of the building will be explored and worked through with the tenant including tenant fit out works (materials used, mechanical and engineering systems, heating and cooling, lighting) which will need to be approved by the council prior to any works commencing. Lease documentation will also provide an opportunity to include relevant sustainability clauses and detail landlord and tenant obligations that could impact carbon and environmental responsibilities.

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Background Papers: None

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