

**To:** Council

**Date:** 17 September 2025 6 October 2025

**Report of:** Clive Tritton, Director of Economy, Regeneration and Sustainability

**Title of Report:** Appropriation of the land at Elsfield Hall from the General Fund ("GF") into the Housing Revenue Account ("HRA") to facilitate affordable housing development

Summary and recommendations	
<b>Decision being taken:</b>	This report seeks Council approval for appropriation of land from the General Fund to the Housing Revenue Account (changing the statutory basis on which it is held by the Council).
<b>Key decision:</b>	No
<b>Cabinet Member:</b>	Councillor Linda Smith, Cabinet Member for Housing Councillor Ed Turner, Cabinet Member for Finance and Asset Management
<b>Corporate Priority:</b>	More Affordable Housing
<b>Policy Framework:</b>	Housing and Homelessness Strategy 2023 to 2028

**Recommendation(s):** That Council resolves to:

1. **Approve** the appropriation of the land owned by Oxford City Council (OCC) at Elsfield Hall from the General Fund (GF) into the Housing Revenue Account (HRA).

Appendix No.	Appendix Title	Exempt from Publication
Appendix 1	Financial Information Elsfield Hall	This information is exempted from publication under Schedule 12A to the Local Government Act 1972 on the following basis:

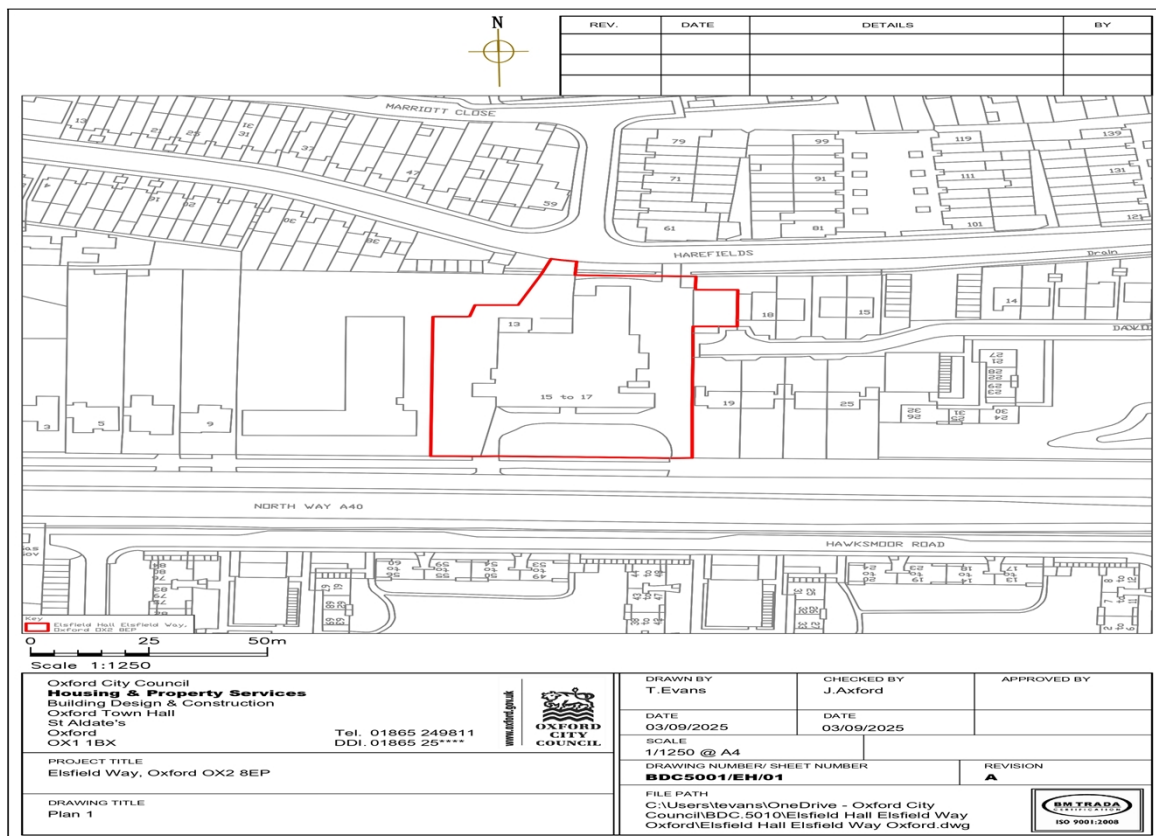
		<b>Commercial Sensitivity</b>
<b>Appendix 2</b>	Planning considerations & risk	<p>This information is exempted from publication under Schedule 12A to the Local Government Act 1972 on the following basis:</p> <p><b>Commercial Sensitivity</b></p>

## Introduction and background

1. The Council continues to develop a supply programme to deliver more affordable housing through multiple work streams, including the delivery of homes through the Council's housing company – OCHL (Oxford City Housing Limited); direct delivery by the Council; joint ventures; regeneration schemes; acquisitions; and enabling activity with Registered Providers, community-led housing groups, and other partners.
2. The Council seeks to deliver over 1,600 affordable tenure homes across the next four years (to March 2029), with at least 850 of those at the most affordable Social Rent level. Projections at the time of writing will deliver 1,500 homes across this period and additional sites and developments are required to meet these targets and address housing need within the city.
3. Officers continue to review opportunities to bring forward the development of further affordable homes to increase the supply available to help meet Oxford's housing needs. This might take the form of developing more new homes; acquiring property to use as affordable housing; or switching tenures to improve affordability and access to these homes.
4. On 17 September 2025, Cabinet agreed project approvals and approved delegations and budget for the delivery of more affordable homes at Elsfield Hall.
5. These three new opportunity sites are being brought forward to collectively deliver 83 or more new units in the affordable housing programme. They have been appraised jointly and on an individual basis and meet HRA financial parameters (see 'Financial Implications' section). They also present an opportunity to deliver affordable housing to help meet the 1,600 homes target across the 4-year MTFP, rather than at the back end of the development pipeline programme in 2031/32.

## Scheme information

6. This report concerns Elsfield Hall – a currently vacant office building in the Cutteslowe area, facing onto the Northern ring-road, located in the Wolvercote ward. It has vehicular access from Harefields (to the north) and additional pedestrian access from Elsfield Way. The site is adjacent to the Cannon Court (developed by OX Place) which completed in 2022/23 comprising of 26 affordable flatted homes.
7. The site is owned by OCC in the General Fund commercial portfolio.
8. The existing buildings are considered to require demolition, although this will require testing as part of the next stage of feasibility work.



## Image

Red line drawing of site (including already developed Cannon Court – image left)

9. The current proposal is for a 100% affordable housing development, and the site is considered to have capacity for at least 30 homes. The project brief will seek to maximise the site density and building heights which may deliver greater than 30 homes. A final decision on site numbers will need to be balanced against any potential planning risks.
10. The tenure mix has yet to be finalised, though initial testing includes fifteen units for Social Rent and fifteen units for Shared Ownership. Again, the final tenure strategy will be subject to design development and viability considerations. The table below sets out an early indication of the likely mix (of property sizes and tenures) that the site is considered capable of taking in physical design terms, and in terms of ensuring the financial viability of the scheme.

Size	Social Rent	Shared ownership	Total	%
1 bed	6	6	12	40%
2 bed	6	6	12	40%
3 bed	3	3	6	20%
4 bed	0	0	0	0%
<b>Total</b>	<b>15</b>	<b>15</b>	<b>30</b>	
Percentage	50%	50%		

11. The sizes of the individual homes have also yet to be confirmed, but the Council will endeavour to achieve suitably sized homes. These will always meet 'Nationally Described Space Standards', but in addition, the Council would seek to ensure that one bed flats are for two people; two bed homes are for four people; three bed homes are for five people (i.e., two double bedrooms and a single); and so forth.
12. To ensure that 5% of the affordable homes meet the M4 (3) "Wheelchair Standard" (to be adapted/ adaptable for households with mobility needs), it is expected that three homes will meet this requirement. The design and allocation of this property have yet to be completed but will be part of the planning submission.
13. The proposed delivery model is for the HRA direct delivery, under which the Council retains full ownership of the land and delivers the scheme through its Housing Revenue Account. OCHL will be appointed as the Council's development agent via a Development Services Agreement (DSA). There will be no disposal of the land; instead, the Council will grant a licence to the building contractor to carry out the development works on the Council-owned land. The DSA will require OCHL to procure the grant of this licence as part of its role in managing the delivery of the scheme on the Council's behalf along with procuring and appointing a contractor.

### **Alternative Options Considered**

14. The option of not proceeding with Elsfield Hall as a development opportunity would mean that the site does not realise its full potential to deliver affordable housing to help meet the 1,600 homes target across the 4-year MTFP. The current programme for Elsfield Hall targets a project completion of end of 2027 – providing an opportunity to deliver homes relatively quickly, compared with other larger pipeline sites.
15. Disposal to a private developer is also a consideration. While this could potentially generate a capital receipt, it would limit the Council's ability to ensure delivery of genuinely affordable housing and control over design quality and sustainability standards and will not necessarily contribute to the delivery of more affordable housing.
16. Re-letting the property as a commercial premises is not considered a viable option. OCC has attempted to market the property for a new letting with limited success, as the office market is not strong, particularly outside the city centre.
17. Only 'core' affordable tenures have been modelled – Social Rent (as the OCC priority) and Shared Ownership (as cross-subsidy).

### **Financial implications**

18. Introduction of this site into the development pipeline is contingent on re-shaping of the existing OCHL development programme to release necessary funding for the developments. This will require a virement to be approved within the HRA capital programme from the current "Properties purchased from OCHL" to the new schemes as discussed in this paper.
19. The current OCHL programme review is necessary to address an existing budget pressure (attributed to delays and build cost inflation), and an adjustment is proposed to introduce additional market sale units to cover-off the budget pressure and allow for a programme contingency to be introduced. The re-shaping will then also release

funding for these three new pipeline schemes. As such, the budget required for the new opportunity sites will be contained within the existing development budget envelope and will not require an increase to the existing budget.

20. A separate paper will be presented to Council to detail the proposed reshaping of the existing programme, as part of the initial budget reports for 2026/27 & the MTFP.
21. The financial appraisal for Elsfield Hall has established a proposed HRA capital budget for scheme costs of £11.7 million which includes the appropriation value of the land to the HRA. A budget virement from the "Properties purchased from OCHL" purchase line into a new scheme line has been approved by Cabinet to match the build programme across the four years from 2025/26 to 2028/29. Further financial details are provided in confidential Appendix 1.

## **Legal issues**

22. On 17 September 2025 Cabinet resolved to:

23. **Grant project approval** to finalise the scheme design, to the proposals to enter into build contracts and any other necessary agreements or contracts and incur associated development cost spends, as set out in this report, and within the allocated HRA capital budgets and business plan, for the purpose of delivering more affordable housing in Oxford;
24. **Delegate authority to the Director of Housing**, in consultation with the Cabinet Member for Affordable Housing; the Head of Financial Services/Section 151 Officer; and the Council's Monitoring Officer, to enter into build contracts and any other necessary agreements or contracts to facilitate the development within the identified budget, for the provision of additional affordable housing;
25. **Grant approval** for a virement within the HRA capital budget for scheme costs of £11.7 million. The virement will be from the "Properties purchased from OCHL" (Oxford City Housing Limited) purchase line into a new scheme line to be profiled to match the build programme across the four years from 2025/26 to 2028/29;
26. **Recommend to Council** the appropriation of the land owned by Oxford City Council (OCC) at Elsfield Hall from the General Fund (GF) into the Housing Revenue Account (HRA).
27. Section 122 of the Local Government Act 1972 provides a general power to the Council to appropriate land from one statutory purpose to another where the land in question is no longer required for its current purpose. In terms of process, case law has established that appropriation must involve more than a mere decision to hold for the particular land for another purpose. The Council must consider whether the land is no longer needed in the public interest of the locality for the purpose for which it is held.
28. This report proposes bringing a vacant commercial site which is no longer required for its original purpose into use as affordable housing.
29. To facilitate the proposed housing development, the land must be transferred from the General Fund ("GF") to the Housing Revenue Account ("HRA"). This report seeks Council's approval for the appropriation of the land at Elsfield Hall from the GF to the HRA.

## **Level of risk**

30.No planning permission is currently granted on the site, and further design development work is required to establish the proposed scale, massing and quantum of proposed units. Considerable due diligence has been carried out however to identify and mitigate delivery risks associated with a new development. The existing planning consent of Cannon Court – which includes Elsfield Hall within its red line boundary - establish an in-depth understanding of the site and its opportunities and risks. Whilst the Cannon Court consent provides useful background information of the site, it is noted that any future application will need to assess the proposed site on its own merits to establish its suitability for residential development, and in line with current regulatory standards.

31.Further detail on the Principle of Development has been included in Appendix 2.

### **Equalities impact**

32. There are no adverse impacts in undertaking this activity, with the potential to improve provision for persons in housing need, through the provision of more affordable and accessible housing to better meet client needs.

### **Carbon and Environmental Considerations**

33.All development schemes delivered by OCC/OCHL are subject to high sustainability standards with the expectation that they exceed statutory (building) standards.

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