

Cherwell District Council

Executive

6 November 2023

Sale of Bodicote House Site, White Post Road, Bodicote, OX15 4AA

Report of Corporate Director of Resources

This report is public

An exempt version of this report and the exempt appendices, restricted by virtue of paragraph 3 of Schedule 12A of Local Government Act are included as a separate agenda item

Purpose of Report

Bodicote House site has been marketed for sale, to facilitate the Council moving to new offices. The report seeks delegated authority and approval to enter into negotiations to agree the Heads of Terms.

1.0 Recommendations

The meeting is recommended:

- 1.1 To delegate authority to the Corporate Director of Resources in consultation with the Portfolio Holder for Property and the S151 Officer, to enter into negotiations to agree the Heads of Terms with Company C.

2.0 Introduction

- 2.1 The Council, as freehold owner, occupies the site as its HQ offices. The site, shown in Appendix 1, comprises c 8.2 acres and includes 3 main buildings, mature gardens, landscaping and car parking:
 - Bodicote House - a 3 storey office, including the Council Chamber annex, purpose built in 1970s.
 - Old Bodicote House a Grade II Listed building with adjoining Stables and storage/workshop outbuildings.
 - The Lodge gatehouse, comprising a two-bedroom cottage, currently vacant.
- 2.2 See exempt report.
- 2.3 Knight Frank, the Council's appointed property agents, produced a marketing recommendation report in October 2020. This was updated in May 2023 and they were subsequently engaged to market the property for sale. The freehold has been

offered for sale, with vacant possession to be given by March 2025, with best bids received on 2 October 2023.

- 2.5 83 active development companies and promoters were approached by Knight Frank, of which 8 requested to view the site during September 2023.
- 2.6 Topographical Survey and Heritage Reports were commissioned by the Council and provided to all potential bidders, together with all relevant property information.
- 2.7 The site includes two Grade II listed buildings and abuts the Bodicote Conservation Area. It lies within the built-up limits of the village. The Head of Development Management notes that Bodicote is a category 'A' village in the Cherwell Local Plan 2011-2031 which provides for minor development, infilling and conversions within built-up limits. In assessing whether proposals constitute acceptable 'minor development' the Plan requires regard to be given to the following criteria:
- the size of the village and the level of service provision
 - the site's context within the existing built environment
 - whether it is in keeping with the character and form of the village
 - its local landscape setting
 - careful consideration of the appropriate scale of development

He advises that the main considerations affecting the developable area are likely to be the setting of the Listed Buildings, the areas of strategic soft landscaping / biodiversity value at the site's periphery and significant trees worthy of protection. He is of the view that there is potential to sensitively convert the historic buildings and to accommodate some new development within the grounds but cannot provide more detailed comments without being consulted on proposed layouts. Adopted Local Plan policy would require 30% of the proposed housing to be affordable.

- 2.8 Council costs committed to date are c£40,000 plus VAT to include agents' fees, EPC certificates, and survey costs.
- 2.9 This report should be read in conjunction with the business case prepared in November 2023 for the relocation of the Council's main offices to an alternative site owned by the Council at Castle Quay, for which funds from the sale of Bodicote House will be required.
- 2.10 The subject site is no longer considered fit for purpose, the existing accommodation being of the wrong size for today's and anticipated future needs and hybrid working practices and will continue to be a significant drain on resources with high occupational costs as it reaches the end of its useful life.

3.0 Marketing Report Recommendation

- 3.1 See exempt report.

4.0 Recommendation

- 4.1 The meeting is recommended:

To delegate authority to the Corporate Director of Resources in consultation with the Portfolio Holder and the S151 Officer, to enter into negotiations to agree the Heads of Terms with Company C.

5.0 Conclusion and Reasons for Recommendations

- 5.1 The bid from Company C (the preferred bidder) offers the best value, meets the Council's affordable housing policy, offers the likelihood of achieving the highest density of units and obtaining planning permission for the redevelopment indicated in the bid. Company C are a regional developer, with a proven track record and have confirmed the purchase and development can be funded from existing resources and without the need to borrow funds.

6.0 Consultation

None

7.0 Alternative Options and Reasons for Rejection

- 7.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Do Nothing

- The property continues to be a significant cost to the Council.
- There is substantial excess space which is not well utilised and difficult to sublet.
- Surplus to requirement space will continue to need to be maintained for the duration of any occupation.
- Significant capital costs are required to maintain the building.

This option is therefore not considered a viable alternative.

Option 2: - Sale by Auction.

- This site is not considered appropriate for sale by Auction. Our retained agents have advised that a more favourable outcome would be obtained in the open market.

This option is therefore not considered a viable alternative.

Option 3: Sale and leaseback

- The Council could potentially stay as a tenant of the new purchaser whilst arrangements to move are finalised.
- It is considered that developers would not want the complication of having a sitting tenant, regardless of the income whilst working up their scheme.
- This type of sale could potentially rule out interested parties.
- Best Value considerations could be compromised and have an adverse effect on bids.
- This option would significantly increase the Council's outgoings for:
 - Rent
 - Rent for space not fully utilised.

- Costs of upkeep and long-term maintenance
This option is therefore not considered a viable alternative.

8.0 Implications

Financial and Resource Implications

8.1 See exempt report

Comments checked by:

Michael Furness, Assistant Director of Finance and S151,
01295 221845, Michael.Furness@cherwell-dc.gov.uk

Legal Implications

8.2 Contracts for sale conditional on planning permission are complex documents and the Heads of Terms needs careful negotiation to ensure the Council's position is fully protected. Safeguards need to be provided in the contract to ensure that best consideration under S123 LGA1972 is obtained, and these should be agreed in the Heads of Terms to avoid later difficulties. Due to existing leasehold interests, contracts should not be exchanged until there is certainty that vacant possession can be given on completion. Consideration should be given in relation to serving statutory notices in this respect as this could impact on timescales. It is recommended that advice is sought from Legal at an early stage of the negotiation of the Heads of Terms to ensure that the relevant protections are put in place.

Comments checked by:

Rachel O'Shaughnessy Solicitor Law and Governance
01295 221997, Rachel.Oshaughnessy@cherwell-dc.gov.uk

Risk Implications

8.3 There are no significant risks arising directly from this report. Any strategic risks arising through the development of this project will be managed corporately and any local operational risks will be managed within the service area.

Comments checked by:

Celia Prado-Teeling, Performance & Insight Team Leader,
01295 221556, Celia.Prado-Teeling@Cherwell-DC.gov.uk

Equalities and Inclusion Implications

8.4 There are no equalities issues arising directly from this report, the proposal has been developed in line with the commitments established in our Equalities, Diversity and Inclusion Framework.

Comments checked by:

Celia Prado-Teeling, Performance & Insight Team Leader,
01295 221556, Celia.Prado-Teeling@Cherwell-DC.gov.uk

Sustainability Implications

- 8.5.1 There are no sustainability implications relating to issuing Heads of Terms with the intention of entering into negotiations to agree the Heads of Terms.

Comments checked by:

Jo Miskin, Climate Action Manager, Environmental Services, 07900 227103

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9.0 Decision Information

Key Decision Yes

Financial Threshold Met: Yes

Community Impact Threshold Met: n/a

Wards Affected

Adderbury, Bloxham and Bodicote Ward

Links to Corporate Plan and Policy Framework

To provide offices that meet the needs of all staff both now and for the future in a sustainable and efficient way, taking into account hybrid working.

To obtain best value for any sale of assets.

Lead Councillor

Cllr Eddie Reeves, Portfolio Holder for Property

Document Information

Appendix number and title

- Appendix 1, EXEMPT
- Appendix 2, EXEMPT
- Appendix 3, EXEMPT

Background papers

None

Report Author and contact details

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