

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**CORPORATE LEADERSHIP TEAM'S
REPORT TO
FINANCE, ASSETS & PERFORMANCE SCRUTINY COMMITTEE**

14 March 2024

Report Title: Commercial Strategy Update

Submitted by: Deputy Chief Executive and Service Director for Finance (S151 Officer)

Portfolios: Portfolio Holders - Finance, Town Centres and Growth, and Sustainable Environment

Ward(s) affected: All

<p><u>Purpose of the Report</u></p> <p>To update Scrutiny Committee on the delivery of the Commercial Strategy as major projects develop.</p>	<p><u>Key Decision</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p><u>Recommendation</u></p> <p>That</p> <p>1. The Finance Assets and Performance Scrutiny Committee notes the updated Commercial Strategy and progress to date.</p>	
<p><u>Reasons</u></p> <p>The Council has updated the Commercial Strategy which was originally adopted in October 2019. The report outlines the scope of the Commercial Strategy and recommends that a further report on the potential schemes that could be delivered as part of the strategy be reviewed bi-annually. This is recommended as several schemes highlighted in the report are currently being developed to business case or contract award, therefore further information will be available for Scrutiny to consider in this timeframe.</p>	

1. Background

1.1 The Council's Commercial Strategy was adopted by Cabinet in October 2019 and more recently updated and approved by Full Council in February 2024. Our vision is for Newcastle-under-Lyme to be a sustainable and business-oriented Council that maximises commercial opportunities in order to deliver long-term benefits for residents of the borough and support the Council's Medium Term Financial Strategy. As a Council which adopts a commercial mind-set across the organisation, we expect staff to think innovatively and deliver services differently. We will use commercial principles to maximise the

impact of our assets (whether physical or intangible) to benefit our communities and deliver financial sustainability.

- 1.2 The primary objective is to use the Council’s resources as effectively and efficiently as possible when delivering the Council Plan.
- 1.3 Achievement of the primary objective will come in part through the following secondary objectives:
 - Developing a commercial culture
 - Putting sound governance in place – being clear about responsibilities, authorities, processes, templates and funding
 - Ensuring there is appropriate performance management in place for commercial initiatives

The overarching aim of this strategy is to deliver a financial return, which contributes to the Council’s efficiencies and additional income targets. This will help to safeguard, and develop, frontline services that the Council currently provides and enhance the Council’s ability to invest in its place shaping agenda.

- 1.4 Direct investment in commercial property offers a relatively familiar path as the Council already has a diversified property portfolio including office, retail and industrial assets which currently generates a net annual revenue stream.
- 1.5 The aim of the strategic asset development programme will be to steer and manage development opportunities from the Council’s property asset base so as to deliver capital receipts and improved revenue income streams but at the same time securing the regeneration and economic development objectives of the Council. Examples include acquisition and development of strategic town centre sites, housing and industrial sites within the borough. Developments may be undertaken on a co-investment basis with public, not for profit and private sector partners.

2. Issues

2.1 The following table shows the highest commercial priorities to investigate within the commercial programme.

Priority Area	Description	Impact
Commercial Waste	Developing the Commercial Waste income streams, building on the existing assumptions that form part of the Waste Transformation Programme	Increase the number of businesses using the council service and improve the level of income generated
Light Industrial	Develop and regenerate sites into light industrial units	Increased revenue generation, servicing demand in the local area and supporting economic development
Smart Parking	Utilising ANPR to increase car parking revenue from major council assets	Increase revenue substantially, provide a better parking experience

		and support retail in the borough
Fees and Charges	Increasing fees and charges that benchmarking has shown to be currently charged at low rates in Staffordshire	Increase in income generated
Investment Opportunities for commercial return	Continue to investigate investment opportunities that will deliver a commercial return and build up our commercial portfolio	Increased revenue generation, servicing demand in the local area and supporting economic development

2.2 The Council is working a range of projects that could be considered in line with the Commercial Strategy, the following outline the headline project and indicative timescales for more business case / contract information:

2.2.1 Ryecroft

Development of new multi-storey car park (Castle car park), partially funded by the Future High Street’s fund. A contract has been let to Morgan Sindall and construction commenced in January 2024 with an opening date of November 2024.

A hotel brand, Accor Ibis Styles, has been selected for the new hotel on the site who are now engaged with the design team from Capital&Centric who are working on the designs for the non-car park areas of the site.

2.2.2 York Place Shopping Centre

The Council acquired the York Place shopping centre in early 2022 to facilitate the delivery of the Future High Street Fund regeneration proposals and improvements to the town centre. Approval was given at the meeting of the Full Council on 14 February 2024 for Capital&Centric to develop the scheme to the end of RIBA Stage 3 and the submission of the planning application. This work is currently underway and will be complete (a full planning application submitted alongside cost and programme information for the build out) by September 2024.

2.2.3 Midway Car Park

Upon completion of the Castle Car Park on the Ryecroft site, the Midway Car Park will become surplus to requirements and therefore alternative uses will need to be considered. Approval was given at the meeting of the Full Council on 14 February 2024 for Capital&Centric to develop the scheme to the end of RIBA Stage 3 and the submission of the planning application. As above this work is currently underway and will be complete (a full planning application submitted alongside cost and programme information for the build out) by September 2024.

2.2.4 Land Adjacent to Keele Cemetery

There are plans to install a solar energy installation on Council owned land that is adjacent to Keele Cemetery, this project is in the planning stage and further details will be provided in due course.

2.2.5 Chatterley Valley

The Council is currently working with the land owner on the development of the overall site and there is a potential for the Council to invest in the site for commercial returns and regeneration of the site – to bring employment opportunities to the Borough as set out below:

Plot D - to construct a circa 120,000 sq. ft. unit which will be let to an advanced ceramics organisation and associated research facility. The end users have been presented with final designs and costs for their sign off and all parties are now awaiting feedback on these before the next phase of work begins.

Plot C - to construct a circa 78,000 sq. ft. of industrial space which will be, split into units ranging from 19,000 sq. ft to 33,000 sq. ft. When built these units will form part of the Council's non-operational (investment portfolio) and be leased out. As these units are linked to the Plot D in terms of eventual leasing to supply chain members, we are awaiting the feedback on Plot D.

2.2.6 Enterprise Units

The former Zanzibar nightclub (Aspire Housing owned) has been demolished. It is intended to be replaced with residential development, along with approximately 6 small enterprise units which the Council will own and manage. Morgan Sindall have been appointed by the land owner, Aspire Housing, and are currently working up design concepts for the residential element of the development, with a view to submitting a planning application in mid-2024, for the overall development.

3. Recommendation

- 3.1 The Finance Assets and Performance Scrutiny Committee notes the updated Commercial Strategy and progress to date.

4. Reasons

- 4.1 Generating efficiencies and additional income by adopting a more commercial approach is a key in the Council's plans for maintaining financial sustainability in the medium to long term. The Commercial Strategy provides a framework for managing and coordinating commercial activities, it is appropriate that the Council reviews key major projects when they are at an appropriate stage of business planning and contract award.

5. Options Considered

- 5.1 The Council continues to progress a number of strategies and approaches to ensure that it can maintain a financially sustainable future and deliver the key priorities set out in the Council plan.

6. Legal and Statutory Implications

- 6.1 The Local Government Act 2000 - powers to promote the economic, social and environmental wellbeing of the Borough.
- 6.2 The Council will need to make sure that its commercial activities are legally and state aid compliant, including having regard to the Public Sector Duty within the Equality Act 2010, statutory guidance on local authority investments and The Prudential Code for Capital Finance in Local Authorities.

- 6.3 All commercial projects and investment opportunities will be examined to ensure that they are within the Council's powers and legal implications will be identified on a case by case basis.

7. **Equality Impact Assessment**

- 7.1 The Commercial Strategy does not create any specific equality impacts.

8. **Financial and Resource Implications**

- 8.1 As detailed in section 2 of the report, the Council is working a range of projects that could be considered in line with the Commercial Strategy.
- 8.2 Expenditure of up to £2,649,000 to develop the three schemes (Ryecroft, York Place and Midway Car Park) to the end of RIBA Stage 3, and the submission of the requisite planning applications was approved at Full Council on 14 February 2024.

9. **Major Risks & Mitigation**

- 9.1 Management of risk is central to the Council's commercial approach and all potential activities will be assessed with due regard to the risks being taken. This will be in line with the Council's corporate approach to risk management.

10. **UN Sustainable Development Goals (UNSDG)**

- 10.1 This strategy is intended to ensure that the assets held by the Council support the corporate objectives and service needs. In that respect, the project supports the realisation of the following UNSDG objectives:-



11. **Key Decision Information**

- 11.1 The strategy affects more than 2 wards and future investments have the potential to have significant financial implications. This will be subject to further reports which may be key decisions.

12. **Earlier Cabinet/Committee Resolutions**

- 12.1 Cabinet 16 October 2019 adopted the Commercial Strategy.
12.2 Full Council 14 February 2024 approved the updated Commercial Strategy.

13. **List of Appendices**

- 13.1 None.

14. **Background Papers**

14.1 Commercial Strategy 2024/25.