

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

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

18 September 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>As previously reported to this Committee the Council has updated the Commercial Strategy for 2024 to 2025 (the original was adopted in October 2019). This report outlines the progress to date on the various schemes as a half yearly update.</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	Increase in income generated

	currently charged at low rates in Staffordshire	
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), will be complete in late November 2024.

Capital&Centric are developing plans for the remaining areas on the site. A planning application is due to be submitted in September for the Ibis Styles hotel brand, the Aspire Housing development and the Capital&Centric residential developments. It is anticipated that this planning application will be considered in the New Year.

A further portion of the site (behind the Church) has been sold to McCarthy and Stone, in August 2024, to develop an over 55 year old residential development. It is anticipated that a planning application for the site will be submitted before Christmas.

2.2.2 York Place Shopping Centre

Capital&Centric are starting the partial demolition / strip out works to expose the existing concrete frame to be developed into a new commercial and residential development. The planning application for the final development is due to be submitted by September 2024.

2.2.3 Midway Car Park

Upon completion of the Castle Car Park on the Ryecroft site in November 2024, the Midway Car Park will become surplus to requirements and therefore alternative uses will need to be considered. Capital&Centric will be submitting a planning application for the redevelopment of the structure (as with York Place the concrete frame will be retained) in September 2024.

2.2.4 Land Adjacent to Keele Cemetery

The plans for a solar energy installation on Council owned land that is adjacent to Keele Cemetery are still under development and further details will be provided in due course.

2.2.5 Chatterley Valley

The opportunities that the Council has been developing have now come to an end due to the end user not being able to afford the development costs on this site. Alternative sites for the end user are currently being investigated and if the Council will need to be a financial partner. Further updates will be provided as and when work has progressed further and plans are clearer.

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 October 2024, for the overall development, with development on site commencing in 2025.

2.2.7 Land at Park House West

We have recently sold a parcel of brown field land at the Park House West industrial estate to Givenergy who will be developing a new North Staffordshire hub for clean tech start-ups, in line with the zero carbon and sustainable borough. This new development whilst not delivered through yourselves has been an aspiration and strategy for the Council and to have found a partner who wishes to undertake this development is another route for the delivery of our plans and strategies for more investment in new business in the borough.

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.