

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

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

27 March 2025

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 adopted a Commercial Strategy in 2019, this was updated in 2024 and Full Council approved a further update in February 2025. 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, updated and approved by Full Council in February 2024 and then again in February 2025. 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 Strategy outcomes are defined as:

1. To generate income through commercial activity that can be reinvested in local priorities, services and improvements for our residents.
2. To build strong working relationships with public, private and third sector partners in order to maximise collaboration and generate efficiencies.
3. To embed a commercial culture within the council and ensure that our staff are equipped with the skills they need to operate in a more commercial environment.
4. To support the council in delivering the council plan and growth agenda as a key pillar of the Medium Term Financial Strategy and our goal of financial self-sufficiency.
5. To optimise the council's use of technology and support our digital agenda in order to enable new, more efficient and flexible ways of working and interacting with customers and residents.

1.3 The primary objective is to use the Council's resources as effectively and efficiently as possible when delivering the Council Plan. 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
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
One Commercial Council	Delivery of digital screen including a small proportion of time dedicated to advertising	Advertising to pay for the running costs of the screen and therefore supporting cultural events and community messaging in Newcastle town centre

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

The new Castle car park is open and providing town centre users with an improved facility.

Capital&Centric are developing plans for the remaining areas on the site. The Aspire Housing development and the Capital&Centric residential developments are subject to further legal agreements to take them to the next stage. (further details are available in the March Cabinet report). The planning applications have been submitted and are currently out to consultation prior to formal Planning Committee consideration. It is intended that the planning committee, will meet for a special meeting in April 2025.

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. The planning application for the site was submitted in November 2024 and it is anticipated that this will also be considered by the planning committee at its special meeting in late April.

2.2.2 York Place Shopping Centre

Capital&Centric are progressing well with the partial demolition and 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 has been submitted and is due to be considered by Planning Committee in April 2025. The scheme is also subject to a further report to Cabinet in March and then Full Council in April.

2.2.3 Midway Car Park

The Midway is now surplus to operational requirements and therefore alternative uses will need to be considered. Capital&Centric has submitted a planning application for the redevelopment of the concrete structure and is due to be considered by Planning Committee, alongside the other Town Centre developments that are subject of this report, at a special meeting in April 2025.

The scheme is also subject to a further report to Cabinet in March and then Full Council in April.

2.2.4 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. Since the last Scrutiny update Capital and Centric have been appointed by the land owner, Aspire Housing, and are currently working up design concepts for the residential element of the development.

2.3 Following One Council a three themed programme has been implemented; One Commercial Council, One Digital and One Green Council. The Commercial Council will follow the same management approach with a One Commercial Council Board, the first of these is arranged for April. In preparation for this officers will be formulating a list of possible commercial opportunities to be considered and prioritised for delivery. Ideas and proposals will then need to be reviewed in more detail to decide if to progress to a business case and where necessary review any up front investment of resources.

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. Significant projects with financial implications are subject to separate Cabinet reports.

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.

12.3 Full Council 12 February 2025 approved the updated Commercial Strategy.

13. List of Appendices

13.1 None.

14. Background Papers

14.1 Commercial Strategy 2025/6.