

**OVERVIEW AND SCRUTINY COMMITTEE  
8 DECEMBER 2020**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: UPDATE OF THE COMMERCIAL DIRECTORATE'S PROGRESS AND FUTURE WORK PROGRAMME**

REPORT OF THE SERVICE DIRECTOR – COMMERCIAL

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR ENTERPRISE AND COOPERATIVE DEVELOPMENT

COUNCIL PRIORITY: BUILD THRIVING AND RESILIENT COMMUNITIES / RESPOND TO CHALLENGES TO THE ENVIRONMENT / ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY

**1. EXECUTIVE SUMMARY**

To provide the committee with an update on the progress of the Commercial Directorate and set out plans for the future work programme.

**2. RECOMMENDATIONS**

2.1. For the Committee to note the report.

**3. REASONS FOR RECOMMENDATIONS**

3.1. The report is following the request of the Committee for an update on the progress of the Commercial Directorate work programme and is for information only.

**4. ALTERNATIVE OPTIONS CONSIDERED**

4.1. None.

**5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

5.1. The Executive Member and Deputy Executive Member for Enterprise and Co-operative Development have been kept regularly updated on the work of the Commercial Directorate and have been fully briefed on the contents of this report.

**6. FORWARD PLAN**

6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

## 7. BACKGROUND

- 7.1. The Service Director – Commercial presented to this Committee in January 2020 and provided an update of the work taken place by the team/ s since being in post. This report is to provide an updated position since January, and to outline any key projects that will be taking place in the near future.

## 8. RELEVANT CONSIDERATIONS – COMMERCIAL UPDATE

- 8.1. This report sets out an update on commercial activity by the Commercial Directorate since the last update in January 2020. It is important to recognise that commercialisation is practiced within the Council to ensure the organisation is constantly evolving and exploring opportunities for the future development and success of NHDC.
- 8.2. **Commercial Strategy** - Upon advice given by an appointed consultant in May 2020 and to ensure NHDC is in line with the changing environment, the Commercial Strategy is being refreshed. The Commercial Manager has led this project, alongside a consultant from East of England Local Government Association (EELGA). The strategy will set out measurables and targets, (an example of these can be found in Part 2 of this report), reference to Covid-19, benefits of taking a commercial approach and a commercial framework. The refresh reflects NHDC's route to success and desire to be more competitive. The measurables and targets will also aim to monitor commercial activity within the Council as a whole. The strategy also demonstrates the value and importance of social impact when investing in the local community. The strategy is currently seeking approval from Executive Members, the Senior Leadership Team and Public Liaison Board before being published.
- 8.3. **Business Partnering** - The Commercial team are now operating under a business partnering approach, whereby each team member is strategically assigned to a service area/s. The benefit of this is to allow the team to work closely with the areas to identify any potential opportunities, savings or efficiencies. The team will act as an added commercial resource into the areas and will encourage/ support commercial thinking, business case writing and project planning.
- 8.4. **Purchasing Annual Leave scheme** – This scheme has been launched and has so far generated £2, 814 net income into the Council. This project is now being managed by the Human Resources team, who regularly update the Commercial team on its progress.
- 8.5. **Community Lottery** – Approval to proceed with this project has been agreed by the Leadership Team and Political Liaison Board. A report will be presented to Cabinet on 15 December 2020. If approved, the aim is to launch the Lottery in February 2021 and is set to reach 0.5% of North Hertfordshire's player population in its first year – achieving over £10,000 per annum for good causes in the local area. By year two the Lottery will aim to generate approximately £4,000 per annum surplus income to the Council and generate approximately £20,000 for local good causes and continue to increase year on year. The lottery provides social impact within the local community by supporting the Voluntary and Charity Sector financially. Further information on this project can be made available via request to a member of the Commercial team.
- 8.6. **Bury Mead site, Hitchin** - The team are working with consultants and architects regarding a potential commercial project located at the Bury Mead site. The work will be

in-conjunction with the new museum storage facility and will be an income generating source. So far, the team have identified several possible ventures including a leisure facility, inclusive of a learner swimming pool and storage solutions. An options appraisal is currently being completed regarding this with an aim to complete by the end of January 2021. This will be presented to Executive Members for consideration and implementation.

- 8.7. **Becoming a more Cooperative Council** - A Cooperative's lead has been assigned within the Commercial team to ensure that NHDC are continuously exploring ways to support or develop a cooperative in the District. We are currently assessing the ideas that have already been submitted or researched by the Commercial team, to identify any potential cooperative opportunities or way of working.
- 8.8. The Council has set up a Cabinet Panel on Community Engagement and Co-operative Development, the panel had its first meeting on 21 October 2020 which included a presentation from Anna Peachey, Economy, Partnerships and Regeneration Manager at Plymouth City Council explaining how Plymouth has a well-established Cooperative approach. The aim is to learn from this approach and work with organisations in North Hertfordshire to explore and implement more Cooperatives.
- 8.9. **Conversion of the former Careline offices at 55 Harkness Court, Hitchin** - This project commenced in August 2020. On completion, the redevelopment will comprise four x 1-bedroom self-contained residential flats. The redevelopment is due to be completed by February 2021. Further information on this redevelopment project is provided in the Part 2 report.
- 8.10. **Thomas Bellamy House, Hitchin** – This project remains under the commercial opportunities portfolio. Due to issues with the property structure, future plans have been put on hold until these are resolved. However, positive, reassuring conversations have been taking place with a potential tenant that will provide income to the Council and will continue whilst the works are being completed. Further information is provided in the Part 2 report.
- 8.11. **Charnwood House, Hitchin** - This project also remains under the commercial opportunities portfolio. The team have been working with a local community group regarding future plans for the site. The Council are acting commercially in order to reach the best possible solution for the property. The aim is to present a report to Cabinet in December 2020 providing an options appraisal for the Council to determine the agreed way forward. Further information is provided in the Part 2 report.
- 8.12. **Town Hall Annexe, Royston** - Negotiations are underway with a major food retailer to lease out the NHDC-owned site currently occupied by the Town Hall Annexe at Melbourn Street, Royston. The proposal is to redevelop the site with a two-storey building comprising convenience store/food retail use on the ground floor and community use on the first floor. Further information on this redevelopment project is provided in the Part 2 report.
- 8.13. **Existing Estates portfolio** - The economic impacts of Covid-19 have presented challenges for managing NHDC's property portfolio since March 2020. The Government's moratorium on commercial lease forfeiture has been a material factor in how those challenges are addressed.

- 8.14. **Property Disposals** – This financial year the team disposed of land adjacent to 10 Hill View, Rushden (sold in April 2020). Land and property disposals generate a capital receipt to help fund the District Council’s capital programme and acquire and develop new assets. The capital receipt is shown in the Part 2 report.
- 8.15. **Exchange of contracts** – The Council has exchanged contracts to sell the properties shown in the table below:

<b>Property</b>	<b><u>Date Contracts Exchanged</u></b>
Land at Ivel Court, Letchworth Garden City	June 2020
Land off Windmill Close, Barkway	August 2020
Land at The Green, Newnham	November 2020

- 8.16. The following table shows all sites that the Council is currently looking to dispose of with estimated dates for disposal. These disposals will generate capital receipts to further fund the Council’s capital programme and acquisition and development of new assets. The estimated capital receipts are shown in the Part 2 report.

<b>Property</b>	<b>Proposed Disposal Date</b> <i>End of:</i>
Town Lodge, Bungalow, Document Centre & Store, Gernon Road, Letchworth Garden City	2020-21
Land adjacent to 1 North End, Kelshall	2020-21
Land adjacent to 9 North End, Kelshall	2020-21
Land at The Green, Newnham	2020-21
Land at Ivel Court, Letchworth Garden City	2021-22
Land off Windmill Close, Barkway	2021-22
Land at Clare Crescent, Baldock	2021-22
Land rear of Baldock Road, Letchworth Garden City	2021-22
Land off Templars Lane, Preston	2021-22
Land at Meadow Way, Therfield	2021-22
Site of Former Depot, Icknield Way, Letchworth Garden City	2022-23
Land off Yeomanry Drive, Baldock	2022-23
Land at The Snipe, Weston	2022-23

- 8.17. **Renewable Energy** remains a priority for the Commercial Directorate. So far, the team have worked alongside a consultant (Public Power Solutions Limited) to identify NHDC owned and private land suitable for a solar farm. Feasibility studies showed that it was not viable for NHDC to invest in this type of renewable energy due to the size and efficiency of the sites identified. However, since then the team have investigated other sources and are continuing to work alongside other Councils in order to pursue the best renewable energy project for North Hertfordshire. The team will be working alongside the Corporate Policy team, who have undertaken research regarding energy efficiencies of NHDC’s estates. Both teams will aim to work with an appointed consultant to review and further investigate NHDC’s options regarding energy, both from an income generation source and using our assets to be more energy efficient.
- 8.18. **Hitchin Market** - The Commercial Manager continues to contract manage Hitchin Markets Limited. The contract has recently been extended to March 2021 due to Covid-

19 disruptions. All aspects of the contract are being investigated in order to be and act more commercially in support of the market. A Councillor has recently been appointed as a Director for Hitchin Markets Limited, which allows more Council involvement from both a strategic and operational aspect. Generally, the market is operating at a better rate than it was pre-pandemic due to several factors including an increased presence on social media and providing a safe, open air environment for shoppers and traders. The market continues to operate as an important, valuable 'hub' for the local community, providing social impact through its support to the towns recovery post pandemic.

- 8.19. **Hitchin Town Hall & North Hertfordshire Museum** - The town hall has continued to generate income, despite Covid-19 measures with over £3,000 generated from fitness classes alone and a further £1,000 of income so far from weekly community group bookings resuming.
- 8.20. North Hertfordshire Museum reopened at the earliest possible opportunity, enabling income to be generated via sales in the gift shop and café totalling over £10,000 since reopening.
- 8.21. To fill a recent vacancy, Hitchin Town Hall staff have agreed to be temporarily redistributed to backfill museum responsibilities.
- 8.22. Overall, there has been a quick response to changing government guidance which has enabled Hitchin Town Hall and North Hertfordshire Museum to maximise income generation opportunities.
- 8.23. **Working with other Councils** – The team are continuing to work alongside and build partnerships with other Council's such as Stevenage Borough Council. The teams are sharing expertise and intelligence regarding strategy, approach and any potential opportunities to joint venture in the future.
- 8.24. The team have been and will continue to monitor the commercial successes and losses felt by other Council's throughout the pandemic.
- 8.25. In order to be more commercial, it is important that we act business like. To help the Council do this, it is imperative that we collaborate or partner with private sector businesses to support our commercial vision. More information on this can be found in Part 2 of this report.

## **9. LEGAL IMPLICATIONS**

- 9.1. There are various legislative provisions that give Local Authorities the power to trade, such as S1 of the Local Authority (Goods and Services) Act 1970, S95 of the Local Government Act 2003 and S1 of the Localism Act 2011 ('the general power of competence'). As part of the assessment of any proposed trading activity pursuant to the Commercial Strategy, the Council will need to ascertain the most appropriate power and comply with any associated requirements.
- 9.2. The District Council can borrow to acquire or develop property for the purposes of NHDC's functions or for the benefit, improvement or development of its area. In its capacity of local authority, the District Council cannot borrow to acquire or develop property purely in order to profit from the investment of the sums borrowed. However,

this does not necessarily preclude the Council generating a surplus from property acquired or developed pursuant to the Strategy.

## **10. FINANCIAL IMPLICATIONS**

10.1. Financial implications are covered in the body of the report.

## **11. RISK IMPLICATIONS**

11.1. The body of the report has referenced the relevant risks associated with the update.

11.2. There is a Corporate Risk entitled “Income Generation”, which assesses the risks associated with the Council adopting a more commercial approach to service delivery, as well as focusing on the many opportunities and positive benefits it could achieve by delivering the aims and objectives of the Commercial Strategy.

## **12. EQUALITIES IMPLICATIONS**

12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.2. The strategy states that all proposed ideas will be of an ethical nature and will be considered to have a positive impact on the community as a basis for consideration. In line with the Council’s commitment to demonstrate due regard the Equality Duty, it will conduct equality impact assessments where required (i.e. any key decisions, major budget implications and any revisions to major service provisions).

## **13. SOCIAL VALUE IMPLICATIONS**

13.1. The Social Value Act and “go local” requirements do not apply to this report.

## **14. ENVIRONMENTAL IMPLICATIONS**

14.1. There are no known Environmental impacts or requirements that apply to this report. Any of the land disposals as noted at 8.16 will consider any individual environmental impacts as they approach their disposal dates.

## **15. HUMAN RESOURCE IMPLICATIONS**

15.1 There are no human resources implications for this report.

## **16. APPENDICES**

16.1 None.

## **17. CONTACT OFFICERS**

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**18. BACKGROUND PAPERS**

- 18.1 North Hertfordshire District Council's Property and Development Strategy 2020-2026
- 18.2 North Hertfordshire District Council's Commercial Strategy 2020-2023
- 18.3 Business Case – North Hertfordshire Community Lottery.