

<p style="text-align: center;">OVERVIEW AND SCRUTINY COMMITTEE 9 MARCH 2021</p>

<p>PART 1 – PUBLIC DOCUMENT</p>
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TITLE OF REPORT: AN UPDATE OF THE COMMERCIAL DIRECTORATE'S PROGRESS AND FUTURE WORK PROGRAMME

REPORT OF: Service Director – Commercial

EXECUTIVE MEMBER: Executive Members 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 December 2020 and provided an update of the work taken place by the team/ s so far. This report is to provide an updated position since December, 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 December 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 continues to lead on this project and is in the process of finalising the measurables and targets previously presented at this Committee. As discussed in December, any further thoughts or inputs from members within this Committee are much welcomed. It is our aim to set realistic, transparent targets that are reflective of the Commercial team, the current environment and the rest of the Council. The refresh reflects NHDC's route to success and desire to be more competitive. The strategy also demonstrates the value and importance of social impact when investing in the local community. As an addition to the strategy, a project tracker will also be created by the Commercial team. This will allow officers and members to have a clear sight of live projects and will aim to give the wider organisation a better understanding of our purpose and aims. The strategy is currently seeking approval from Executive Members, the Senior Leadership Team and Public Liaison Board and if need be Cabinet before being published. We are currently on target to have a final draft version of the strategy ready for review at the end of March 2021.
- 8.3. **Business Partnering** - The Commercial team have been successfully operating under a business partnering approach since January 2021. As a result of this, the teams are seeing a large increase in the amount of officer engagement from other service areas which is resulting in more commercial projects coming forward to be explored and implemented. It is also proof that as an organisation, we are understanding the need and benefits of commercialisation. We are in particular working closely with the Grounds, Human Resources, Careline and Estates teams on various exciting projects.
- 8.4. **Purchasing Annual Leave scheme** – Following its success during the trial period, this project is being taken forward for another year. HR are monitoring this project and regularly update the Commercial team on its progress.
- 8.5. **Community Lottery** – A single tender process has been conducted and completed to appoint the contractor suitable for this project. Following a successful project kick off meeting, a project timeline/ plan has now been implemented. The next stage of this project involves a Gambling Licence application (this can take up to 16 weeks to obtain approval), followed by the launch event currently scheduled for 1 June 2021. The first draw of the Community Lottery will take place on 7 August 2021.

- 8.6. **Bury Mead site, Hitchin** – A feasibility study has now taken place regarding potential leisure facilities at the site. The study (led by The Sports Consultancy) found that due to factors such as space limitations and demand in the local area, a leisure facility is not viable at the Bury Mead site. We are happy to share this report with members, therefore please contact a member of the Commercial team if you would like a copy. The team are now continuing to review new options for the commercial use of the site, inclusive of storage units.
- 8.7. **Becoming a more Cooperative Council** – The agenda for the next four Cabinet Panels on Community Engagement and Cooperative Development have now been set. The Panel will aim to cover the following subjects: Local Arts groups and the work they have been doing throughout lockdown, the benefits of social media for local business, celebrating and highlighting the resilience demonstrated by local businesses throughout lockdown/ the pandemic and the future of our town centres.
- 8.8. **Conversion of the former Careline offices at 55 Harkness Court, Hitchin** – Progress on this conversion is going well, with an estimated completion date being in April 2021. NHDC is currently appraising options for the property following conversion and has sought legal Counsel advice in this regard. Further information on this redevelopment project is provided in the Part 2 report.
- 8.9. **Charnwood House, Hitchin** - In December 2020, Cabinet approved the principle of community use for this property subject to wider consultation on users. Members and Offices will meet to formulate a strategy for structuring consultation in order to ensure widest practical community engagement.
- 8.10. **Town Hall Annexe, Royston** – NHDC Estates continues constructive negotiations 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.
- 8.11. **Hitchin Bridge Club** - NHDC Estates intends to present a report to Cabinet on 16th March 2021 outlining an expression of interest from Hitchin Bridge Club to acquire a 99-year leasehold interest in 0.35 acres of NHDC's 4.19 acre public recreation ground at Cadwell Lane, Hitchin. The Club wishes to build a clubhouse and surface car park here. The report will present a series of options to Cabinet in line with the Community Asset Transfer policy outlining the pros and cons of the proposal from the perspective of NHDC, the wider community and the Bridge Club. A business case and more detailed information on the proposed leasehold acquisition by the Club will be presented to a second Cabinet meeting at a later date.
- 8.12. **Existing Estates portfolio** - The economic effects of Covid-19 continue to present challenges for managing NHDC's property portfolio. The Government's moratorium on commercial lease forfeiture is extended to the end of March 2021, a decision taken prior to the third lockdown which commenced in early January 2021. Property commentators widely expect a further extension of the moratorium to the end of June 2021. Estates continues to have or seek dialogue with tenants in rent arrears to encourage payment or establish payment plans where possible.

- 8.13. **Property Disposals** – In January 2021, NHDC Estates oversaw surrender of NHDC's leasehold interest in Town Lodge and disposal of NHDC's freehold interests in the adjacent bungalow at 29 Gernon Road, document centre and secondary centre. The capital receipt will help fund the District Council's capital programme and acquire and develop new assets. The surrender and disposal have yielded significant revenue and capital savings for NHDC. The purchaser, Croudace Homes, intends to construct two detached 2-storey buildings comprising of 9 flats and one office building following demolition of the existing buildings. The capital receipt and further information are provided in the Part 2 report.
- 8.14. **Exchange of contracts** – NHDC Estates has exchanged contracts to sell, or expects very shortly to exchange to sell, the properties shown in the following table:

Property	Status
Land at Ivel Court, Letchworth Garden City	Exchanged
Land off Windmill Close, Barkway	Exchanged
Land off Templars Lane, Preston	Exchange expected soon
Land at The Green, Newnham	Exchanged. Completion expected soon
Land adjacent to 1 North End, Kelshall	Simultaneous exchange and completion are due to take place the w/c 22.02.2021.

- 8.15. 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.

Property	Proposed Disposal Date <i>End of:</i>
Town Lodge, Bungalow, Document Centre & Store, Gernon Road, Letchworth Garden City	Sold January 2021
Land at The Green, Newnham	2020-21
Land adjacent to 1 North End, Kelshall	2020-21
Land adjacent to 9 North End, Kelshall	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

- 8.16. **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.
- 8.17. **Hitchin Market** - The Commercial Manager continues to contract manage Hitchin Markets Limited. The Council have recently been granted approval by Cabinet (26 January 2021) to enter a new contract with Hitchin Markets Limited effective from 31 March 2021. The new contract will set out similar terms to the previous contract (originally contracted in 2008) however with changes to the management fee, contract length and updates in law. 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. As of 23 February 2021, Hitchin market remains open for essential trade only. This is being constantly monitored in line with government guidance and by the Hitchin Markets Limited board members. The market will continue to operate as an important, valuable 'hub' for the local community, providing social impact through its support to the towns recovery post pandemic.
- 8.18. **Hitchin Town Hall & North Hertfordshire Museum** – Although the facility is currently close due to the 3rd Lockdown the town hall has continued to generate income during the course of 2020/21, despite Covid-19 measures with over £3,000 generated from fitness classes alone and a further £1,000 of income from weekly community group bookings.
- 8.19. North Hertfordshire Museum reopened at the earliest possible opportunity, following the first lockdown, enabling income to be generated via sales in the gift shop and café totalling over £10,000.
- 8.20. Hitchin Town Hall staff have agreed to be temporarily redistributed to backfill museum responsibilities which has helped in covering vacancies without recruiting to these positions for the time being.
- 8.21. Overall, there has been a quick response to changing government guidance throughout the last year which has enabled Hitchin Town Hall and North Hertfordshire Museum to maximise income generation opportunities.
- 8.22. Since November, North Herts Museum and Hitchin Town Hall have been unable to open as a result of Government guidance but efforts have been made to provide engaging online content, virtual lectures and virtual classroom sessions for local schools.
- 8.23. Since February 2021 Hitchin Town Hall has been used as a COVID rapid test site, working alongside Herts County Council and the National Health Service to provide this for service for Key and Essential workers.

- 8.24. **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.
- 8.25. The team have been and will continue to monitor the commercial successes and losses felt by other Council's throughout the pandemic.
- 8.26. 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. Section 120 of the Local Government Act 1972 provides the District Council the power 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.

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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