

**OVERVIEW AND SCRUTINY COMMITTEE  
14 DECEMBER 2021**

**PART 1 – PUBLIC DOCUMENT**

**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, Arts and Transport.

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 (since March 2021) 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, Arts and Transport 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 March 2021 and provided an update of the work taken place by the team/ s so far. This report is to provide an updated position since March, 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 March 2021. 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 NHC.
- 8.2. **Property Company** - On the 24 November 2021, Cabinet Sub-Committee (Local Authority Trading Companies' Shareholder) approved the property company business case along with the commencement of trading of the holding company (Broadwater Hundred Limited) and the incorporation and trading of the subsidiary company. This will now open various opportunities for the Council to act more commercially. The Council now can explore housing options and to trade as a company with Directors in post (yet to be confirmed). This is an exciting accomplishment for the team, as it has been on the Council's agenda for a period of time. Projects such as Harkness Court and potentially those with Willmott Dixon are being considered to be a part of this overarching scheme. Other potential opportunities are being discussed at officer level currently.
- 8.3. **Investment opportunities** - Since March 2021, the Council have increased its bidding activity on potentially commercial investments – more recently, shopping centres. The team have worked closely with appointed consultants to scope out each project and investigate the due diligence surrounding it. This has given the Council a good insight into working with investment consultants such as BNP Paribas whereby we can learn and gain knowledge from for future bids/ opportunities. The two largest bids were for Garden Square, Letchworth Garden City whereby the Council were unsuccessful, and the latest for Churchgate, Hitchin whereby the Council were not the preferred bidder. However the team will continue to ensure the Council are competitors in the investment market and learn from each bid.
- 8.4. **Business Partnering** – The team are still operating successfully under this framework. Projects such as increasing the Mausoleum facility at Wilbury Hills, generating savings through reviewing the temporary employees process, delivery of the Community Lottery (see below for more information) and updating/ upgrading the filming and advertising strategy to generate income are all good examples of how the team are working alongside service areas to deliver commercial projects. The team are currently planning to conduct a short survey to understand how the organisation perceives business partnering, and what can be improved, what has been successful so far etc. The survey is part of the strategic review (conducted by the Leader of the Council and Managing Director) and will deploy in early-mid December 2021. Please refer to Part 2 – Appendix A for a sample of live projects within the Commercial service area.
- 8.5. **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. So far, the total amount generated since 2020 into the Council is £10, 288.28 from this scheme.

- 8.6. **Community Lottery** – NH obtained the Gambling Licence in October 2021 and can now begin to prepare for the launch and first draw of the lottery. The team have been working closely with the Community Engagement team to ensure that criteria for good causes mirrors that of our current Grants scheme. The lottery website has now been built and plans for the good cause launch are underway (based on the assumption that the launch will be 18 January 2022). Complications have arisen associated with the Pre-Election period (PERP), as this date conflicts with the date of the First Draw therefore Councillors will not be able to publicly support this. A way forward is being discussed between Executive Members.
- 8.7. **Bury Mead site, Hitchin** – The team are working alongside Willmott Dixon to determine a new storage facility for the museum, as well as a private storage solution that will provide rentable income. The Council are exploring different build methods for this project, inclusive of Passivhaus standards and sustainable solutions. The team have recently appointed 'Engage' who are consultants in this type of storage. Their report will tell us whether there is demand in our District for this activity, as well as indicative pricing structures. This will help us to determine whether a storage facility is the best usage of the land at Burymead after constructing the new museum storage. The report is due early December 2021, therefore a verbal update will be provided at the committee meeting.
- 8.8. **Conversion of the former Careline offices at 55 Harkness Court, Hitchin** – Physical conversion into four x 1 bedroom self-contained flats completed in Summer 2021. Estates and Property Services are currently liaising with statutory undertakers to secure installation of mains services to the new flats. Once the property is ready for occupation, it is intended for NHC to lease out the entire building to the Council's property company. Further information on this redevelopment project is provided in the Part 2 report.
- 8.9. **Charnwood House, Hitchin** - In September 2021, two open days were held at Charnwood as part of the community engagement exercise instructed by Cabinet in December 2020. Ideas were sought on how this Grade 2 Listed property can be transformed into a community hub. The open days were a success, attended by over 200 visitors across the two days. Over 160 questionnaires were completed and returned to NHC. The questionnaires revealed a broad range of uses people would like to see accommodated by the community hub. These included educational activities, information provision, a base for hobbies and interests, hot desking, community café and several other interesting possibilities. Estates presented the results to Hitchin Committee in October, along with a recommendation that the Committee endorse seeking Cabinet's authority to dispose of Charnwood House by way of lease of maximum 99 years, and seeking Cabinet's authority to market the property for leasing by informal tender. The Committee approved this approach subject to Council officers first undertaking an options appraisal for running Charnwood as a community hub, to include the option of the Council running Charnwood in-house. Estates intends undertaking the options appraisal in early 2022.
- 8.10. **Town Hall Annexe, Royston** – Estates continues to liaise with a major food retailer to lease out this NHC-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. Royston Town Council have been updated on the project during 2021. Further information on this redevelopment project is provided in the Part 2 report.

- 8.11. **Hitchin Bridge Club** - A report was presented by Estates to Cabinet in March 2021 outlining an expression of interest from Hitchin Bridge Club to acquire a 99-year leasehold interest in 0.35 acres of NHC's 4.19 acre public recreation ground at Cadwell Lane, Hitchin. The Club wished to build a clubhouse and surface car park here. Cabinet resolved that an in-principle decision to grant a leasehold interest in the land to Hitchin Bridge Club be agreed. Following this decision, Legal Services drafted a lease for the Club and sent this to the Club's solicitor. Further information on this project is provided in the Part 2 report.
- 8.12. **Waste Transfer Site** - Estates has agreed a new lease with NHC's waste contractor during the past month for the waste transfer site at Bury Mead Road, Hitchin. The lease secures the site for the transfer of approved waste to nominated disposal facilities until at least June 2026.
- 8.13. **Existing Estates portfolio** – A wide range of activities has taken place across the portfolio during 2021, including rent reviews, new leases, lease assignments, licences for alterations and lease regear negotiations. The Government's moratorium on commercial lease forfeiture was extended on several occasions during the year. The latest extension takes the moratorium to 25<sup>th</sup> March 2022. Estates continues to actively monitor and address rent arrears as far as practicable within the confines of the moratorium. Work has chiefly involved proactive and constructive dialogue with tenants, to encourage payment and establish payment plans where possible, or to verify reasons for late rent payments.
- 8.14. **Property Disposals** – In June 2021, NHC Estates completed the sale of a surplus site of circa 0.5 acres at The Green, Newnham. Following the securing of full planning permission for 4 terraced houses, the site was marketed on the open market. Solid interest and offers were generated. The capital receipt will be recycled for use in NHC's capital programme.
- 8.15. **Exchange of contracts** – NHC Estates has exchanged contracts 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	Exchanged

- 8.16. During 2021, NHC Estates continued to work towards disposing of the 6 surplus sites in the following table (rows shaded yellow). Work to dispose the 4 sites in the blue rows of the table is currently on hold whilst NHC considers the merits of retaining the sites for rental income. The three sites in the green part of the table were sold in 2021. The estimated capital receipts for the sites in the yellow and blue rows of the table are detailed in the Part 2 report. The actual capital receipts for the sold sites in the green rows are set out in the Part 2 report. Capital receipts generated from disposals will further fund the Council's capital programme and acquisition and development of new assets.

<b>Property</b>	<b>Proposed Disposal Date</b> <i>End of:</i>
Land at Ivel Court, Letchworth Garden City	Q4 2021-22
Land off Windmill Close, Barkway	Q4 2021-22
Land at Clare Crescent, Baldock	Q4 2021-22
Land adjacent to 9 North End, Kelshall	Q2/Q3 2022-23
Land off Templars Lane, Preston	Q2/Q3 2022-23
Site of Former Depot, Icknield Way, Letchworth Garden City	Q4 2022-23
Land rear of Baldock Road, Letchworth Garden City	On hold: may retain site
Land at Meadow Way, Therfield	On hold: may retain site
Land off Yeomanry Drive, Baldock	On hold: may retain site
Land at The Snipe, Weston	On hold: may retain site
Town Lodge, Bungalow, Document Centre & Store, Gernon Road, Letchworth Garden City	Sold January 2021
Land adjacent to 1 North End, Kelshall	Sold February 2021
Land at The Green, Newnham	Sold June 2021

8.17. **Creating partnerships** – The team are continuing to work alongside and build partnerships with other Council's and private sector organisations. This enables the Council to share expertise and intelligence regarding strategy, approach and any potential opportunities to joint venture in the future. In order to be more commercial, it is important that we act more 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. It also enables the Council to learn and broaden the teams knowledge on property investments (for example and explain in 8.3 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 4(2) of the Localism Act 2011 provides that where, in exercise of the general power of competence, a local authority does things for a commercial purpose the authority must do them through a company.
- 9.3. Section 120 of the Local Government Act 1972 provides the District Council the power to acquire or develop property for the purposes of NHC'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. The Council will conduct environmental impact assessments where required (i.e any key decisions, major budget implications and any revisions to major service provisions). With regards to the land disposals as noted at 8.16, we 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**

- 17.1 Steve Crowley, Service Director – Commercial  
[Steve.crowley@north-herts.gov.uk](mailto:Steve.crowley@north-herts.gov.uk) / ext 4211
- 17.2 Chloe Gray, Commercial Manager  
[Chloe.gray@north-herts.gov.uk](mailto:Chloe.gray@north-herts.gov.uk) / ext 4223
- 17.3 Christopher Robson, Senior Estates Surveyor  
[Christopher.robson@north-herts.gov.uk](mailto:Christopher.robson@north-herts.gov.uk) / ext 4252
- 17.4 Jess Wallis, Commercial Team Leader  
[Jess.wallis@north-herts.gov.uk](mailto:Jess.wallis@north-herts.gov.uk) / ext 4257
- 17.5 Antonio Ciampa, Accountancy Manager  
[Antonio.ciampa@north-herts.gov.uk](mailto:Antonio.ciampa@north-herts.gov.uk) / ext 4566
- 17.6 Georgina Chapman, Policy Officer  
[Georgina.chapman@north-herts.gov.uk](mailto:Georgina.chapman@north-herts.gov.uk) / ext 4121
- 17.7 Isabelle Alajooz, Legal Commercial Manager  
[Isabelle.alajooz@north-herts.gov.uk](mailto:Isabelle.alajooz@north-herts.gov.uk) / ext 4346
- 17.8 Tim Everitt, Performance Improvement Officer  
[Tim.everitt@north-herts.gov.uk](mailto:Tim.everitt@north-herts.gov.uk) / ext 4646

## **18. BACKGROUND PAPERS**

- 18.1 None.