

Overview and Scrutiny Committee – 7 December 2023

Draft Minute 50 – Commercial Strategy Progress Update 2023

Councillor Andrew King, Portfolio holder for Commercial and Community Assets, introduced the second annual update on the Council's Commercial Strategy.

Part one of the Commercial Strategy was agreed in November 2020 and part two in December 2021. As set out in the Commercial Strategy, all the Council's commercial activity is guided by three principles, first, that it is ethical and meets the Council's statutory responsibilities; secondly, commercial decisions will be robust, consistent and supported by due diligence; and third, that income will be used to support financial sustainability and services for residents.

Within this year's report is an overview of the changing context in which the Council operates and its influence on commercial activities. As the overview identifies, national guidance and controls on commercial activity by local authorities, now more closely steer the available investment approaches. As a result, there is an increased emphasis on ensuring that investment and commercial activities should directly serve the Council's role in benefiting their local areas.

For this Council, this renewed emphasis aligns with its wider objectives and principles. As set out in the report, consideration of commercial matters is now primarily taking place within the context of the Council's Financial Sustainability Programme, updates on which are provided as part of the quarterly reporting to this Committee and the Executive.

The goals within the Commercial Strategy of effective management of assets and investments, operating in a financially efficient manner, and reviewing opportunities for investment to benefit the Borough, remain relevant, but there should also be awareness of this change in operational context and the move towards focusing on commercial activities as part of the broader approach that is the Council's Financial Sustainability Programme.

In terms of this year's activity, the Council's commercial activity can be broken down into two main areas - commercial assets and commercial services.

Progress this year has continued to be positive, with achievements, including

- The completion of The Rise development at Marketfield Way, with more information provided in the parallel report to the committee.
- A contribution of an additional £700k towards the revenue budget from Council property assets and
- Additional income of nearly £540k from planned updates to fees and charges.

Work is also continuing on other elements, with improvements now made on property reporting, a review of potentially underutilised assets underway, and consideration being given to a framework for future development activities. There is also note of the approval of acquisition of additional temporary and emergency accommodation, which will both improve the service the Council can offer and reduce the costs associated with relying on external provision.

As identified in the previous annual report, there has been a move away from the use of company structures to support commercial activities, with potential company structures around housing activity and revenues and benefit work no longer viewed as required. More information on existing companies is available in the Winter 2023

Companies Performance Update. Work on improvements to contract management procurement are also continuing with more information provided in an annex to Q2 Internal Audit Progress report, also being considered by the Audit Committee.

The Council will continue to work towards effective delivery of commercial matters in the coming year, and commercial and investment activity will form an important thread within the Council's Financial Sustainability Programme.

The Portfolio holder for Commercial and Community Assets, invited Members to ask questions and comment on the Commercial Strategy Progress Update Report 2023 provided in the agenda pack.

In response to the questions raised, the following clarifications were provided:

Commercial Assets

The net budget improvement of £688,000 was from a mixture of assets, including The Rise, and further lettings from the park cafes, as well as the increase in fees and charges. The information had been included in the budget report and would be recirculated.

RESOLVED that Overview & Scrutiny Committee:

Noted the Commercial Strategy Annual Progress Report at Annex 1. There were no observations made to the Executive.