

Blaby District Council
Council

Date of Meeting	20 September 2022
Title of Report	Recommendations of the Cabinet Executive: Strategic Property Investment for Regeneration This is not a Key Decision and is on the Forward Plan
Lead Member	Cllr. Terry Richardson – Leader of the Council & Cllr. Maggie Wright – Finance, People & Performance (Deputy Leader)
Report Author	Strategic Director (Section 151 Officer)
Corporate Priority	Medium Term Financial Strategy (MTFS)

1. What is this report about?

- 1.1 This report considers the Council's position with regard to investment in property for regeneration as included as one of the initiatives in the action plan of the Commercial Strategy and provides for delegation to be given in order that this activity be possible and successful.

2. Recommendation(s) to Cabinet Executive and Council

- 2.1 That Cabinet approve the Commercialism Position Statement at 4.2.
- 2.2 That Cabinet approve the delegation to the Chief Executive, Executive Director (S151 Officer) and Monitoring Officer to approve the purchase or disposal of commercial properties in accordance with the listed criteria in consultation with the Leader of the Council and the Deputy Leader, Finance, People and Performance Portfolio Holder.
- 2.3 That Cabinet approve that an amount of £2.5m be added to the capital programme to be drawn upon to make acquisitions.

3. Reason for Decisions Recommended

- 3.1 To date, the Council has lacked a Position Statement which outlines the direction of Commercialism.
- 3.2 Delegation is required to enable the Council to make decisions quickly regarding commercial acquisitions and disposals.

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| 3.3 | It is necessary for an investment amount to be added to the capital programme in order to make acquisitions. |
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4. Matters to consider

4.1 Background

In February 2022 the Council adopted the updated Commercial Strategy which aligned closely with the Blaby District Plan and other key strategies, contributing towards our ambition to make Blaby District Council financially sustainable and creating a District where people are happy to live work and visit.

Adopting commercial behaviours, principles and approaches is the best possible option in the Council's control to sustain its budget and maintain as many services for residents as possible.

Members will recall that the Commercial Strategy highlighted ways in which a commercial approach would be achieved, and some of these elements included:

- Being proactive in identifying opportunities for commercial investments
- Focus resources on initiatives that will drive financial or social benefit.
- That future asset investment is assessed to ensure the relevance to the Council's functions & are financially prudent.

Alongside the Commercial Strategy an Action Plan was drawn up which included a specific action to actively seek opportunities for investment in property with a view to supporting/promoting economic growth or housing need within the district.

This document aims to address the specific elements required of Councillors and Officers to move the Council forward regarding this specific action.

4.2 Proposal(s)

The Council's Commercialism Position Statement

"The Council recognises the need to balance bold, innovative action with social value creation when considering any commercial venture.

In addition, the Council also recognises the need for achieving best value and efficiency in both service delivery and commercial activity. As such, the following areas will be considered more favourably when evaluating which activities should be pursued:

- Investment in regeneration activity that supports strategic development aims and generates a financial return, making the

investment sustainable and not placing further pressure on revenue budgets.

- Where the impact on local business is minimised.
- Where Blaby's reputation, locally and nationally, would be enhanced"

In the Senior Structural Review Report to Cabinet Executive in May 2022, provision was made to source consultancy from a neighbouring authority to assist with the development of the commercial agenda. This consultancy is being provided by the Strategic Director - Commercial and Economic Development at Charnwood Borough Council who has considerable experience in this field.

In discussions it has become apparent that to successfully invest in such regeneration activity the Council must be in a position to move swiftly and decisively. Commercial property transactions move at speed and are a competitive process – the timelines required by these transactions are not compatible with standard governance timelines and a high degree of confidentiality is required. Therefore, this report sets out a scheme of delegation and a set of criteria that will be considered by those to which the decision to invest is delegated.

Criteria for considering the range of commercial opportunities

1. Is there a benefit to the local economy or Blaby residents that can be gained from the activity?
2. Can income be generated to support the activity?
3. Can the income stream(s) be developed (at scale) within the next financial year?
4. Can the income stream(s) be delivered with relative certainty?
5. Are there significant financial risks associated with the opportunity?
6. Is there a track record within the Council – or other local authorities – which demonstrate the opportunity is viable?
7. Does the Council have any commercial advantage in addressing an opportunity compared to the private sector (or – potentially – neighbouring local authorities or other public bodies)?
8. (Conversely) is the Council at a commercial disadvantage compared to existing players in the market who may have existing brands, infrastructure or track record of service delivery?

9. Could the private sector respond to the Council entering the market by competing aggressively – e.g. through price competition - such that an initial or extended period of trading losses might ensue?
10. Does the Commercial opportunity come with significant legal or regulatory risk?
11. Does the Council have skills and capacity within the existing workforce that enable the delivery of the commercial opportunity?
12. Could the Council easily access skills and capacity from the employment / interim / consultancy markets that enable the delivery of the commercial opportunity?
13. Are there political or ethical reasons which may constrain the Council's ability to provide services on a commercial basis?

Any potential commercial investment activity for regeneration will be graded against these criteria and assessed independently. Given the complex and many faceted aspects of any opportunity, there is no strict level for pass/fail; opportunities will be assessed on their merits.

Delegation Required and Governance

Given the necessity that transactions of this nature are assessed, negotiated and closed swiftly it is proposed that delegation is collectively given to:

- The Chief Executive
- The Executive Director (S151 Officer)
- The Monitoring Officer

In consultation with:

- The Leader of the Council and
- The Deputy Leader, Finance, People and Performance Portfolio Holder

With delegation given to approve the purchase of properties in accordance with the criteria set out above and within the investment figure recommended within this report. Going forward it is anticipated that these parameters are set out in the Capital Strategy each year. It is also proposed that delegation is given to approve the sale of land and property where it is considered expedient and, in the Council's, best interests.

In each case where an investment or sale is made all parties listed in the delegation must formally give their agreement to the acquisition or sale and the terms on which that acquisition or purchase is made.

These will be recorded as an Officer Delegated Decision.

Reporting and Governance

In each case where an acquisition or sale has been made an exempt report will be brought to Council following the transaction to disclose the full details of the transaction in order to provide transparency to all Members.

Initial Investment Sum

When the 5 Year Capital Programme was brought before Council in February 2022 there was no sum included to make such investments in commercial property, however it was the intention to increase the Capital Programme during the year should such opportunities arise.

It is therefore proposed that a sum of £2.5m be added to the Capital Programme for 2022/23 with a view that further funds may be added into the 5 Year Programme for future years when it is reviewed in February 2023.

4.3 Relevant Consultations

- Executive Directors
- Monitoring Officer
- Strategic Finance Manager

4.4 Significant Issues

There are no significant issues specifically related to this decision.

5. What will it cost and are there opportunities for savings?

- 5.1 This report sets out the initial investment amount to be drawn upon. Details of the revenue, associated costs and investment amounts will be provided to Council following acquisitions being made.

	Current year	2023/24
Revenue		
Capital	£2.5m	

6. What are the risks and how can they be reduced?

6.1

Current Risk	Actions to reduce the risks
That regeneration investments are made that will not generate a return for the Council, making them self-sustaining.	External expertise will be sought in all cases to assess the investment being made. All those to which delegation is given to make the investment will be required to agree having understood the appraisal of the opportunity before them.

7. Other options considered

- 7.1 Consideration was given to bring before Cabinet or Council each opportunity to invest as it arose. The swift nature of such transactions however made this an unviable alternative.
- 7.2 To not engage in property investment for regeneration. This is not discounted as not undertaking the activity will not allow the Council to actively participate in all aspects of place-shaping.

8. Environmental impact

- 8.1 There are no specific impact on the environment from this report, however where there is opportunity to consider and support a positive environmental impact within an investment opportunity it will be considered.

9. Other significant issues

- 9.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

10. Appendix

- 10.1 None.

11. Background paper(s)

- 11.1 None

12. Report author's contact details

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