

**SOUTH STAFFORDSHIRE COUNCIL**

**COUNCIL - 10 SEPTEMBER 2019**

**COMMERCIAL ASSET STRATEGY CAPITAL BUDGET AMENDMENT**

**JOINT REPORT OF CORPORATE DIRECTOR RESOURCES AND CORPORATE DIRECTOR COMMERCIAL**

**LEAD CABINET MEMBER – COUNCILLOR BRIAN EDWARDS MBE, LEADER OF THE COUNCIL**

**PART A – SUMMARY REPORT**

**1. SUMMARY OF PROPOSALS**

1.1 The primary purpose of this report is to seek to increase the capital budget for the Commercial Asset Strategy.

**2. RECOMMENDATIONS**

2.1 That Members agree to increase the Commercial Asset Strategy capital budget by £2.5 million for 2019/20 and consequently to revise the Capital Programme as per paragraph 5.2.

**3. SUMMARY IMPACT ASSESSMENT**

POLICY/COMMUNITY IMPACT	Do these proposals contribute to specific Council Plan objectives?	
	Yes	The Commercial Asset Strategy is an integral part of the delivery of the Efficiency & Income Plan (E&I) and Route Map for 2019/20 contributing to achieving Financial Stability.
	Has an Equality Impact Assessment (EqIA) been completed?	
	No	
SCRUTINY POWERS APPLICABLE	No	Full Council decision.
KEY DECISION	No	
TARGET COMPLETION/ DELIVERY DATE		

FINANCIAL IMPACT	Yes	As set out in the report.
LEGAL ISSUES	No	There are no specific legal issues arising from this decision.
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	The Council's Strategic Risk Register includes: <ul style="list-style-type: none"> <li>• Failure to deliver against the Efficiency and Income Savings Programme and broader change agenda.</li> </ul>
IMPACT ON SPECIFIC WARDS	No	

## **PART B – ADDITIONAL INFORMATION**

### **4.0 Background**

4.1 On 26 February 2019 Council approved the capital programme for 2019/20 to 2023/24, summarised as follows.

	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Capital Programme</b>	<b>13.9</b>	<b>6.4</b>	<b>1.4</b>	<b>1.0</b>	<b>1.1</b>	<b>23.8</b>

4.2 Included in the capital programme as summarised above was £6.2m for the Commercial Asset Strategy in the year 19/20. In the aforementioned report dated 26 February 2019 it was reported that:

*“The (Commercial) Asset Strategy capital budget (of circa £14.9m for 2018 – 2020 allocated to acquisitions that stimulate the local economy and generate a return) is currently fully committed based on acquisitions and the approved pipeline.....Additional capital funding is likely to be required to develop further opportunities with regard to the recent purchases of Station Road (Four Ashes) and Hilton Cross.....Options are currently being explored with regards to these sites. Once more is known with regards to the relative risk and rewards of these options the Asset Strategy (and associated budget) will need to be revisited.”*

4.3 On 9 April 2019 full Council approved the Capital Strategy and as part of this the Council's updated Commercial Asset Strategy. These strategies set out that *“the Council's priorities in terms of its capital spend can be summarised as follows:*

- **The prosperity of the district:** Investment that will stimulate economic growth.
- **Income and efficiency:** Investment which promotes the financial stability of the Council.
- **Core Council services:** Investment that will empower our staff to deliver and improve the efficient and effective delivery of services to our community.
- **Community assets:** Investment that will benefit our communities.”

4.4 In terms of the Council’s Commercial Asset Strategy more specifically:

*“The aim of this strategy is to realise the benefits of the effective management of investments, which include:*

- *Creating a balanced portfolio of assets that minimises management costs and resources.*
- *Increases returns and create new additional revenue income streams.*
- *Adopting an approach of balancing risk and reward.*
- *Supporting the delivery of the E&I Plan objective to ensure financial stability for the council, delivering a balanced budget for a three year period in our Medium Term Financial Strategy, growing to five years by 2020.*
- *Supporting the local economy.”*

## 5.0 Proposal

5.1 Following an update in February 2019, Members will be aware of the recent proposal to progress with the development of Station Road (Four Ashes) and the pipeline development of redevelopment at Wombourne Enterprise Park. The pipeline projects are projected to generate additional income which will positively impact on the Medium Term Financial Strategy by circa £240,000 per annum.

5.2 It is therefore proposed that in line with the Council’s Commercial Asset Strategy and Capital Strategy the capital budget for the Commercial Asset Strategy is increased by £2.5m. This amount is sufficient to fund the current pipeline of specific potential projects which are currently being progressed. As a result the revised capital programme would be as follows:

	19/20	20/21	21/22	22/23	23/24	Total
	£m	£m	£m	£m	£m	£m
<b>Capital Programme</b>	<b>16.4</b>	<b>6.4</b>	<b>1.4</b>	<b>1.0</b>	<b>1.1</b>	<b>26.3</b>

5.3 This report does not provide approval for the business cases for the specific projects, any proposed expenditure against the approved Commercial Asset Strategy Capital budget is subject to specific business cases being approved in accordance with the Council’s Commercial Asset Strategy and Capital Strategy.

5.4 The framework of control for any spend against this budget will include review by the Member's Asset Scrutiny Panel. This budget will therefore only be spent if financial due diligence tests (undertaken in accordance with the Council's Commercial Asset Strategy and Capital Strategy) are met for specific acquisition and /or development projects.

5.5 It should also be noted that it is not anticipated that this additional capital budget will require any changes to the Council's borrowing limits as set out in the Treasury Management Strategy.

**6.0 IMPACT ASSESSMENT – ADDITIONAL INFORMATION**

N/A

**7.0 PREVIOUS MINUTES**

None.

**8.0 BACKGROUND PAPERS**

None.

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