

Report of	Meeting	Date
Deputy Chief Executive (Introduced by the Executive Member for Economic Development and Public Service Reform)	Overview and Scrutiny Performance Panel	Thursday, 22 September 2022

Performance Focus: Commercial and Property

Is this report confidential?	No
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Is this decision key?	No
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Purpose of the Report

1. To provide the Overview and Scrutiny Performance Panel with a performance update for the Commercial and Property directorate. This includes;
 - a) An overall directorate summary and budget position at July 2022/23,
 - b) An overview of key performance measures at quarter 1 2022/23,
 - c) An update on the Corporate Strategy projects.

Recommendations to the Overview and Scrutiny Performance

2. That the information contained within this report is discussed by the Overview and Scrutiny Performance Panel to understand and monitor performance within the Commercial and Property directorate.

Reasons for recommendations

3. To ensure the effective monitoring of performance with the Commercial and Property directorate and subsequent delivery of the Corporate Strategy and its strategic objectives.

Other options considered and rejected

4. No other options have been considered or rejected. This is because the report does not present any key items for decision.

Corporate priorities

5. The report relates to the following corporate priorities:

Involving residents in improving their local area and equality of access for all	A strong local economy
Clean, safe, and healthy communities	An ambitious council that does more to meet the needs of residents and the local area

Background to the report

6. Each quarter a directorate level performance update is presented to the Overview and Scrutiny Performance Panel for review. An update for Commercial and Property has been prepared showing performance as of quarter one 2022/23 and this directorate was last reviewed by the panel in March 2022. The directorate includes the following services:
- Development,
 - Property,
 - Markets and Town Centre,
 - Accommodation.
7. This report presents an overview of the directorate’s performance up to quarter one 2022/23 and included a breakdown of the financial position, service level indicator performance, and the progress of the Corporate Strategy projects.

Directorate overview

8. In the Commercial and Property service directorate, under half (42%) of the performance indicators are performing on or above target for quarter one 2022/23. There are 48 business plan projects under the Commercial and Property directorate, of these projects 35 (73%) are rated green or completed, four (8%) are rated amber, five (11%) are on hold, and four (8%) are rated red. Further details on the business plan progress can be found in the ‘Business Plan Progress Update 2022/23’ report to the Overview and Scrutiny Performance Panel. There are three Corporate Strategy projects under the directorate, of these two are rated green and one is rated red.

Shared Services

9. Phase three of Shared Services review was approved at Council in July 2022, and as part of the development proposals includes the Property and Asset function. A scoping exercise is currently being undertaken to establish which functions will be included. The main aim being to provide resilience and build additional capacity in an area where typically there are challenges retaining and recruit staff in relation to technical professions, as a result of market conditions and national shortages. Furthermore, there is an opportunity to standardise systems and processes to create efficiencies for the function. The sharing of services will provide the ability to transfer skills and increase efficiencies across both Chorley and South Ribble Council.

Financial position

10. The below table outlines the General Fund Revenue Budget monitoring Q1 2022/23 for the Commercial and Property Directorate:




Commercial and Property – Q1 2022/23	£
Original Budget 2022/23	624,400
Agreed changes	-220,400
Amended Budget 2022/23	404,000
Forecast outturn as at 31/07/22	1,072,315
Variance	668,315

Variance	165.4%
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11. The biggest spend in this directorate is on staffing and premises which is partly supported by income generation in this Directorate.
12. The original net expenditure budget has reduced by £220.4k at 31st July 2022 reflecting the introduction of the income budget for Whittle GP Surgery, £64.2k of changes in the staffing budget and the transfer of the Shopmobility budget from the Policy and Governance directorate into Economic Development.
13. The outturn for Commercial and Property shows a forecast overspend of £668k based on the position as at 31st July 2022, giving a 165.4% variance against the current budget. The overspend is largely due to a reduction in the level of car parking income generated (£71k), reduced income from market rents (77k) partly due to refurbishments being made to the market's food and drink area, and also due to the increase in utility costs (77k).
14. The overspend also includes a loss of net income of £179.3k from the Tatton development following the delays in the completion of the scheme, however this is offset to some extent by savings on interest payable on borrowing and the Minimum Revenue Provision (MRP).
15. It also includes an overspend against the staffing budget (205K) mainly due to the proposed pay award forecast for 2022/23, compared to the figure in the base budget of 2% and the additional costs of using agency staff. Given the recruitment difficulties in this area (e.g. surveyors), and the review and move to a Shared Service model, agency staff are providing the necessary support to the team in the interim, however the market for such staff is challenging, with significant increases in the salaries required by available candidates. This is a national issue and is also being felt in other areas of operation across the council.

Performance indicators

16. A three-colour symbol rating system is used for performance indicators to indicate status as shown in the table below:

 Performance is better than target	 Worse than target but within threshold (5%)	 Worse than target, outside threshold (5%)
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17. A summary of key performance information for each service within the Commercial and Property directorate is provided below.

Corporate Strategy indicators

18. There are no corporate strategy indicators allocated within this directorate.







Local indicators: Commercial and Property

Development

Indicator	Polarity	Target	Performance (Q1 2022/23)	Symbol	Trend
% of red rated projects in the development programme	Smaller is better	0%	14.30%		New for 2022/23

19. The percentage of red rated projects in the development programme has performed outside of target and relates to a single off-track project. The opening of Tatton Gardens Extra Care development and community facilities has been rated red due to ongoing delays and increasing costs. Further details of the current position and actions to address performance are included at point 33 within this report.

Property

Indicator	Polarity	Target	Performance (Q1 2022/23)	Symbol	Trend
% reactive repair orders logged and issued on time within the Tech Forge system within Priority ratings (emergency/urgent/routine)	Bigger is better	90%	89%		Better than Q1 2021/22 (73%)
% reactive repair jobs inspected post work completion	Bigger is better	50%	9%		Worse than Q1 2021/22 (39%)
% land ownership enquiries replied to within 3 working days	Bigger is better	99%	50%		Worse than Q1 2021/22 (100%)
Average time to issue offer letter to resident following request to purchase freehold reversion	Smaller is better	15 Days	3 Days		Worse than Q1 2021/22 (1 Day)
Community centres - percentage of occupancy	Bigger is better	51%	56.84%		Better than Q1 2021/22 (53.38%)
% of fixed office voids in the Digital Office Park	Smaller is better	7.5%	0%		Better than Q1 2021/22 (84.37%)

Indicator	Polarity	Target	Performance (Q1 2022/23)	Symbol	Trend
% rent collected at the Digital Office Park from fixed offices	Bigger is better	97.5%	89.93%	▲	Better than Q1 2021/22 (60.31%)
% of voids on the Commercial Sites (excludes Market Walk, Market & DOP)	Smaller is better	7.5%	5.88%	★	Better than Q1 2021/22 (9.37%)
% of daily site inspections for new developments	Bigger is better	60%	55%	▲	Worse than Q1 2021/22 (61%)
% of Planned Preventative Maintenance (PPM) activities completed	Bigger is better	90%	85%	▲	Worse than Q1 2021/22 (86%)
Income generated from meeting rooms and training facilities at Strawberry Fields	Bigger is better	£20k	£18,848	▲	New for 2022/23

20. The performance for the indicators below have been impacted due to a lack of surveyors to carryout inspections and maintenance activities. The recruitment market is highly competitive, and it is difficult to recruit to technical positions. Additional resource is currently being sought via the recruitment of two new surveyors. The below indicators should start to improve once these surveyors are in post, which is expected to take place in September 2022:

- % reactive repair jobs inspected post work completion,
- % of daily site inspections for new developments,
- % of Planned Preventative Maintenance (PPM) activities completed.

21. The percentage of rent collected at the Digital Office Park has improved significantly compared to the same time last year showing a positive direction of travel, however at the end of quarter one it is below target. There have been some staffing shortages within the debtor's team during quarter one which will be resolved within quarter two. The council work closely with all tenants, and debt reduction action plans have been put in place to support tenants that have any outstanding debts.

22. There has been a decrease in performance of land ownership enquiries replied to within 3 working days due to long tern staff absences. These absences have impacted on the existing capacity within the team and as a result has caused delays in the turnaround timescales of land ownership enquires. Additional estates resource will be in place in September 2022, and it is expected that performance of this indicator will improve.

23. The income generated from meeting rooms and training facilities at Strawberry Fields is a new indicator for 2022/23 and has performed below target in quarter one because the collection of income generated commenced partway through the quarter from May 2022.

Town Centre and Markets

Indicator	Polarity	Target	Performance (Q1 2022/23)	Symbol	Trend
Market Walk Footfall	Bigger is better	1,750,000	528,257	▲	Better than Q1 2021/22 (254,294)
Town Centre Vacancy Rate	Smaller is better	8%	9.6%	▲	Better than Q1 2021/22 (11.9%)
% of voids on the Covered Market	Smaller is better	7.5%	9.8%	▲	Better than Q1 2021/22 (13.1%)
% of rent collected at the Covered Market	Bigger is better	97.5%	81.72%	▲	Worse than Q1 2021/22 (92.3%)
% voids on Market Walk	Smaller is better	7.5%	4.76%	★	Better than Q1 2021/22 (12.2%)
% rent collected at Market Walk	Bigger is better	97.5%	80.4%	▲	Better than Q1 2021/22 (56.3%)
Number of coach visits	Bigger is better	20	12	▲	Better than Q1 2021/22 (3)
Response rate for CCTV requests within average of 5 days	Smaller is better	5 days	2.31 days	★	Better than Q1 2021/22 (2.39 Days)
Combined car park ticket sales (including FOC)	Bigger is better	250,000	227,721	▲	Better than Q1 2021/22 (214,078)

24. Market Walk footfall and the town centre vacancy rate have improved significantly since the same time last year but remains outside of target. The town centre vacancy rate has performed better than both the national average of 11.2% and regional average of 12.4%. There has been a total of 10 new business opening over quarter one in the town centre. This includes business such as a clothing boutique, a carpet shop, as well as an eco-refill store. The council will continue to promote Chorley proactively as a good place to do business, investing in the market and Market Walk to keep a vibrant town centre. A Town Centre Action Plan is currently in development, which is identifying vacant properties in need of improvement. This will inform the Shop Front Enhancement Scheme on Chapel Street and focus on driving improvements to vacant shop fronts in order to make them more attractive for prospective business tenants, which will directly influence the vacancy rate and footfall figures.

25. The percentage of voids at the Covered Market have been impacted by the construction works currently taking place under the covered market to replace the stalls and create a food and beverage '@1498 The Markets' seating area. Additional works are underway to convert 2 cabins into a larger unit, which will be occupied by an existing tenant looking to relocate. Vacant stalls and units are being promoted to attract prospective business tenants, which will have a positive influence on the percentage of voids.
26. The performance for the indicators below have been impacted by negotiations that are currently taking place for the renewal of six lease agreements. It is common practise that whilst lease renewal negotiations are proceeding, the tenants cease paying rents and their accounts go into arrears until the new lease is agreed. For the new lease agreement to commence, payments are backdated, and the council is paid in full. The performance for the below indicators will improve as new leases are agreed within quarter two:
- % rent Collected on the Covered Market,
 - % rent collected at Market Walk.
27. The number of coach visits has performed below target; however, visits have increased when compared to the same time last year. The coach industry have been impacted by the increases to cost of living and is slowly recovering from the Covid-19 pandemic. To increase the number of visitors and coach visits there has been a number of promotional marketing activities delivered. These include the production of a Chorley markets promotional video that has been circulated to group/couch travel companies, advertisements run in the 'Northern Life' magazine and 'Chorley Flower Show' programme, signage displayed on the M61, involvement in the 'Love Your Local Market' campaign, and 'Check Out Chorley' promotional stands run at various events (including Chorley 10k) throughout the year. Looking ahead, further promotional campaigns will commence such as having a stand at the 2023 British Tourism Travel show in Birmingham, Markets leaflet to be refreshed and updated, and a refresh of the 'Check Out Chorley' tourism website including the promotion of the Markets as a featured asset.
28. Car park ticket sales have performed outside of target, but there has been a positive trend of improvement when compared to the same time last year. The number of visitors to the town centre has reduced following the pandemic and as more people are now working from home, and people have less disposable income as a result of the cost of living increases. Anecdotal evidence suggest that usage of the car park should increase with the improvements to the leisure and retail offer in the town centre. However, the current car parking technology does not collect data out of the core enforceable hours such as evenings. The car parking strategy is currently being refreshed to address the changing demands for parking following the pandemic and works to the Market Walk extension. The strategy will ensure that the parking stock is fit for purpose and takes into consideration capacity, location, users, pricing, and condition in the short to medium term as consumer habits change.

Accommodation

Indicator	Polarity	Target	Performance (Q1 2022/23)	Symbol	Trend
% rent collected at Cotswold Supported Housing	Bigger is better	98.52%	115.04%	★	Better than Q1 2021/22 (109.35%)
% voids Cotswold House	Smaller is better	20%	5.47%	★	Better than Q1 2021/22 (42.53%)
% rent collected at Primrose Gardens	Bigger is better	98%	98.46%	★	Better than Q1 2021/22 (96.6%)
% voids at Primrose Gardens	Smaller is better	20%	1.17%	★	Worse than Q1 2021/22 (0%)
Cotswold conference facilities - percentage of bookings	Bigger is better	50%	0%	▲	Same as Q1 2021/22 (0%)
Primrose conference facilities - percentage of bookings	Bigger is better	50%	29.55%	▲	Better than Q1 2021/22 (6.23%)
Percentage of voids at Primrose turned around within 14 days	Bigger is better	95%	50%	▲	Worse than Q1 2021/22 (100%)
% rent collected in rented Housing	Bigger is better	98%	98.03%	★	Worse than Q1 2021/22 (99.2%)
% voids in rented housing	Smaller is better	20%	0%	★	Same as Q1 2021/22 (0%)
Percentage of voids in rented Housing turned around within 14 days	Bigger is better	90%	100%	★	Same as Q1 2021/22 (100%)

29. The Cotswold conference facilities booking are below target because there has not been any uptake following the covid-19 pandemic. Community groups that utilised the space previously have not returned, and the facility was being used as part of the government 'Winter Watch' initiative as emergency accommodation providing immediate shelter to rough sleepers. The council continue to promote the facility to community groups and have made the facility available for community centre enquires.

30. The booking of the Primrose conference facilities has slowly increased when compared to the same time last year, however, remains below target. Users of the facility are returning following the pandemic and the usage of the facility is expected to increase with more regular events taking place in the Conference facility when the café is opened in September 2022.

31. The percentage of voids at Primrose turned around within 14 days has performed below target due to lack of available surveyors to carry out refurbishment works to damaged properties within the two week timeframe. To improve performance, additional capacity is currently being recruited and two surveyors will be in post by September 2022.

Projects

32. Under the Commercial and Property directorate there are a total of three Corporate Strategy projects, with two rated green or complete. These include:

- Complete the town centre projects including market renovations
- Deliver Strawberry Meadows employment site

33. One project is rated red at the end of quarter one 2022/23 as below

- Open the Tatton Gardens Extra Care development and community facilities

Corporate Strategy Projects

34. In the table below, an update on the current Corporate Strategy project position for each project under Commercial and Property directorate can be found below:

Project	Rating (Q1 2022/23)	Update (Q1 2022/23)
Complete the town centre projects including market renovations	GREEN	<p>Works have progressed to the Covered Market as part of the project to deliver town centre improvements and includes;</p> <ul style="list-style-type: none"> • The installation of floodlighting along the market's central aisle to improve safety as well as to allow the space to become more versatile and compliment the creation of the '1498 @ The Markets' seating area that will open in October ahead of Chorley Live. <p>In other areas, work that has progressed includes:</p> <ul style="list-style-type: none"> • The installation of height barriers at 10 car parks in and around the town centre. • Consultation on the proposed designs for the redevelopment of the Queens Road Car park commenced to provide local people the opportunity to provide their feedback and shape the plans. Proposals include increasing the number of disabled parking bays, installation of wildflower turn trees, cycle parking, and CCTV, to improve overall appearance and accessibility of the site and contribute to the council's objectives for enhancing biodiversity.

Project	Rating (Q1 2022/23)	Update (Q1 2022/23)
Deliver Strawberry Meadows employment site	GREEN	<ul style="list-style-type: none"> • The project to deliver Strawberry meadows employment site will be completed in quarter two 2022/23. Handover will be undertaken on the 19th September 2022. • Strawberry Meadows will provide essential commercial space to accommodate the ambitions of the business sector, supporting economic growth in the borough by promoting inward investment.
Open the Tatton Gardens Extra Care development and community facilities	RED	<ul style="list-style-type: none"> • The project has been rated red due to ongoing delays and increasing costs the project. The reasons for the over run on costs have primarily been due to an increase over and above the provisional sum allowed for the highway works and contractor claims. • Delays to the overall timescales of the project have been impacted over the course of the project due to an earlier delay at the site and most recently due to the delays of programming power to the site as a result of the testing and commissioning programme. • The council is taking robust action to review the costs of the contractor claims with specialist advice being undertaken to ensure that fair and proportionate costs are considered. • To address the delays a revised programme of works has been approved and the project is now scheduled for completion in December 2022.

Climate change and air quality

35. The work noted in this report impacts on the following areas of climate change and sustainability targets of the Councils Green Agenda. All environmental considerations and measures are applied to development projects.

Equality and diversity

36. The material presented and discussed in this report has no direct implications on equality or diversity.

Risk

37. There are service level risk registers contained with the GRACE risk management system recording risk for the directorate. These are regularly monitored through Directorate Management Team, where risks are discussed, reviewed, and updated according to service needs and the current risk context.

Comments of the Statutory Finance Officer

38. There are no direct financial implications of this report, however performance within the department impacts upon financial forecast as reported in quarterly budget monitoring reports.

Comments of the Monitoring Officer

39. The data in the report are relevant to an assessment of whether the Council is broadly complying with the pervasive best value duty contained in the Local Government Act 1999.

Background documents

40. The following documents are key background items for this report:

- Business Plan Progress Update 2022/23
- Quarter One Performance Monitoring Report 2021/22
- Revenue and Capital Budget Monitoring

Appendices

41. There are no appendices that accompany this report.

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