

# North Tyneside Council Report to Cabinet 1 April 2019

## ITEM 6(g)

Title: North Tyneside  
Trading Company –  
Strategic Business Plan  
2019- 2021

Portfolio(s):	Elected Mayor	Cabinet Member(s):	Mrs N Redfearn
Report from Service Area:	Law and Governance		
Responsible Officer:	Bryn Roberts, Head of Law and Governance	Tel: (0191) 643 5339	
Wards affected:	All		

### PART 1

#### 1.1 Executive Summary:

In December 2012, the Authority established North Tyneside Trading Company Limited (the 'Trading Company') to act as the Authority's vehicle for trading opportunities.

Cabinet is the shareholder's representative for the North Tyneside Trading Company. The Trading Company presents to Cabinet each year, for approval, its Strategic Business Plan.

#### 1.2 Recommendation(s):

It is recommended that Cabinet approve the Trading Company's Strategic Business Plan 2019-2021.

#### 1.3 Forward Plan:

Twenty-eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 22 February 2019.

#### 1.4 Council Plan and Policy Framework

This report relates to the following priorities in the Our North Tyneside Plan:

- (1) Our Places: Our places will have more quality affordable homes.
- (2) Our Economy: Our economy will have the right conditions to support investment and create new jobs, especially apprenticeships.

## **1.5 Information:**

### **1.5.1 Background**

- 1.5.2 The Trading Company was established as a company limited by shares, in December 2012. The Trading Company is wholly owned by the Authority and the Authority is therefore the sole shareholder of the Trading Company.
- 1.5.3 The Trading Company was created to provide services to public bodies and to other customers, as considered appropriate, enabling trading in new markets and different places.
- 1.5.4 All projects undertaken by the Company will aim to return a surplus or profit to the Authority and/or seek to achieve a regeneration objective in line with the Authority's Our North Tyneside Plan and Ambition for North Tyneside. Projects delivered will be at least cost neutral to the Authority.
- 1.5.5 The Trading Company has 2 active subsidiary companies. These subsidiaries are wholly owned by the Trading Company. The Trading Company and its subsidiaries are each governed by their respective Boards of Directors and are guided by their Articles of Association which regulate the affairs of each of the Company.
- 1.5.6 The composition of the Board of Directors for the Company is four Directors: two Cabinet Members and two Heads of Service from the Authority's Senior Leadership Team. None Board members are remunerated for their duties. The Trading Company and its subsidiaries are all subject to Corporation Tax, VAT and other applicable taxes at the appropriate rate.
- 1.5.7 In accordance with best practice the Trading Company has a Strategic Business Plan, which it updates each year, to provide a sense of direction for the Company and to guide business development. The subsidiary companies are in the process of developing their own business plans which reflect the strategic aims of the Trading Company but provide detail in relation to the business delivery plans of each company. The Business Plans of the subsidiary companies will be approved by the Board of Directors of the Trading Company.
- 1.5.8 The Board of Directors of the Trading Company has reviewed and refreshed the Strategic Business Plan for 2019 – 2021. The Strategic Business Plan sets out the Trading Company's history; its governance arrangements; its mission/purpose and its approach to appraising business opportunities, assets, products and services and risks.

### **Progress of the active companies**

#### North Tyneside Trading Company (Development) Ltd (the Development Company)

- 1.5.9 Since its development of 13 new build affordable homes in Camperdown, the Development Company devised in 2017 a purchasing strategy and has since then proceeded to acquire 21 homes on the open market, therefore taking its total number of homes to 34. In line with the Council's priority of delivering more affordable homes the Board of the Development Company have reviewed and extended their purchasing strategy with the aim of purchasing a further 20 homes to take the Development Company's asset base up to 50 homes as soon as possible. Funding of these purchases is via a grant from the Council of Section 106 Town and Country Planning Act 1990 commuted sums that are available for affordable housing.

## Aurora Properties (Sale) Limited (Aurora Sale)

- 1.5.10 Aurora Properties (Sale) Limited has successfully completed its first new build scheme of 12 bungalows at Wallington Close, Marden Estate for market sale. Aurora Sale is also well underway with its second scheme of a further 12 homes for market sale at Empress Point (the site of the former Avenue Public House, Whitley Bay) and completion of these homes is expected in Summer 2019.
- 1.5.11 In addition the refurbishment of the former Council offices building and new build scheme at the rear of Northumberland Square in North Shields into 28 homes for market sale is expected to commence on site in early 2019. Funding for the construction of the homes is from the Council in the form of both debt and equity funding.
- 1.5.12 Aurora Sale will continue to work with the Council to explore sites to be developed out for either market sale or market rental properties and/or a mix of property – some affordable and some for market sale or rental and to support any wider regeneration aims contained in the Ambition for North Tyneside.
- 1.5.8 Opportunities for the development of sites and other potential trading options will be considered and presented to Cabinet for consideration, in line with their priorities, at the appropriate time.
- 1.5.9 The full Strategic Business Plan is attached Appendix 1.

### **1.6 Decision options:**

The following decision options are available for consideration by Cabinet:

#### Option 1

Cabinet may approve the Trading Company's Strategic Business Plan 2019-21.

#### Option 2

Cabinet may not approve the Trading Company's Strategic Business Plan 2019-2021 and refer the Business Plan back to the Trading Company to examine further options/opportunities.

Option 1 is the recommended option.

### **1.7 Reasons for recommended option:**

Option 1 is recommended for the following reasons:

If Cabinet approves the recommended option, the Trading Company will continue with the activities set out in the Strategic Business Plan, including continuing with the purchasing strategy of homes to be let at an affordable rent and the construction of new homes for market sale, in line with Cabinet approval.

If the preferred option is not approved, the Trading Company will be unable to undertake the proposed Strategic Business Plan activities, including the purchasing strategy of homes to be let at an affordable rent and the construction of new homes for market sale along with any other potential commercial opportunities.

## **1.8 Appendices:**

Appendix 1: North Tyneside Trading Company Limited: Strategic Business Plan 2019-2021

## **1.9 Contact officers:**

Stephen Ballantyne, Legal Manager –  
Governance and Employment /  
Trading Company's Company Secretary

Tel: (0191) 643 5329

## **1.10 Background information:**

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

Cabinet 9 March 2015 – Delivering Affordable Homes Update (exempt report)

Cabinet 14 November 2016 – North Tyneside Trading Company – Strategic Business Plan 2016-2019

[http://www.northtyneside.gov.uk/browse-display.shtml?p\\_ID=567013&p\\_subjectCategory=41](http://www.northtyneside.gov.uk/browse-display.shtml?p_ID=567013&p_subjectCategory=41)

Cabinet 14 November 2016 – Delivering Housing Growth through the North Tyneside Trading Company (exempt report)

Cabinet 13 February 2017 – Delivering Housing Growth through North Tyneside Trading Company (exempt report)

Cabinet 8 May 2017 – Delivering Housing Growth – Business Case for Wallington Court (exempt report)

[Cabinet - 8 October 2012 - Creating A Trading Company for North Tyneside Council](#)

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

There are no specific financial implications arising from this report as this is to agree the over arching business plan.

Individual projects which are brought forward for consideration by the Trading Company will have a full business case prepared which will set out the financial implications for both the Authority and the Company.

### **2.2 Legal**

Each year Cabinet as the representative of the shareholder (the Authority) are presented with and are requested to agree the Strategic Business Plan for the Trading Company.

Individual projects which are brought forward for consideration by the Trading Company will have a full business case prepared which will set out the financial implications for both the Authority and the Company.

### 2.3 Consultation/community engagement

There are no specific public engagement implications arising from this report as this is to agree the over arching business plan. There has been internal consultation with Cabinet Members on the Trading Company proposal.

Engagement/consultation requirements will be considered for any proposal brought forward by the Trading Company.

### 2.4 Human rights

There are no human rights implications directly arising from this report.

### 2.5 Equalities and diversity

There are no equalities and diversity implications directly arising from this report.

### 2.6 Risk management

The Trading Company and each active subsidiary has a risk register that the Boards of Directors regularly review and each project has its own risk register. The Trading Company and the subsidiary companies use the same risk methodology as the Authority.

### 2.7 Crime and disorder

There are no crime and disorder implications directly arising from this report.

### 2.8 Environment and sustainability

There are no environment and sustainability implications directly arising from this report.

## PART 3 - SIGN OFF

- Chief Executive
- Head(s) of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy and Customer Service