

TITLE OF REPORT: THE COUNCIL'S APPROACH TO COMMERCIALISATION OF SERVICES

REPORT OF THE CHIEF EXECUTIVE

EXECUTIVE MEMBERS: COUNCILLORS JULIAN CUNNINGHAM, TERRY HONE AND DAVID LEVETT

1. SUMMARY

- 1.1 This report provides a summary of the work undertaken by the Commercialisation Project Board which was established in late 2015 to examine the Council's future approach to the commercialisation of services and the Council's role in commercial activities.
- 1.2 The report identifies a number of areas where it is considered that the Council could focus its commercial activities and the rationale for focussing on those areas.

2. RECOMMENDATIONS

- 2.1 That Cabinet notes the contents of the report and endorses the progression of commercial activities in the following areas:
- (i) The establishment of a Housing company.
 - (ii) The progression of proposals to create a new North Hertfordshire Crematorium.
- 2.2 That Cabinet endorses the approach of the establishment of a specific sub-committee of Cabinet which will deal with share holder functions which relate both to emerging commercial activities as set out in recommendation 2.1 and also commercial activities undertaken in the following areas:
- (i) Building Control
 - (ii) CCTV
 - (iii) North Hertfordshire Homes.
- 2.3 The establishment of a sub-committee of Cabinet referred to in 2.2 above to deal with the shareholder functions be considered as part of the next review of the Council's Constitution which is anticipated to be reported to Council in April 2017.
- 2.4 That Cabinet supports the development of commercial activities where they contribute to the financial sustainability of the Authority and provide services to the residents of North Hertfordshire. Cabinet further supports the principles embodied in this report and in the emerging areas of work support the Council's overall aims and activities within the District.
- 2.5 That Cabinet supports the principles embodied in this report and in the emerging areas of work which support the Council's overall aims and activities within the District.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure that the Council is able to optimise its income generation opportunities for the benefit of Council Tax payers.
- 3.2 To ensure that appropriate governance arrangements are in place for a wholly or partially owned company and other commercial activities.

4. ALTERNATIVE OPTIONS CONSIDERED / CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 4.1 The Council needs to pursue income generation opportunities in order to generate alternative sources of income due to the changes in funding streams available to local authorities. Alternatives such as developing new services for customers outside the District were considered but discounted by the Commercialisation Project Board.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The substance of this report originated from discussions at the Commercialisation Project Board and having regard to the resolutions from Cabinet in relation to the outcomes from the Task and Finish Groups on commercialisation.

6. FORWARD PLAN

- 6.1 There are no recommendations relating to the Forward Plan in this report.

7. BACKGROUND

- 7.1 The general economic climate in which local authorities operate has changed dramatically over the last 3-4 years and the Council sets out in its approved medium term financial strategy the financial environment in which the Council will be operating over the next 3-4 years. A summary of the MTFS general position is set out in section 10 of this report.
- 7.2 As a response to that environment the Council has made significant efficiency savings during recent years and has also increased its income from other sources. In 2015 a Task and Finish Group from Overview & Scrutiny was established to look at the then developing concept of commercialisation of services within local authorities and make its recommendations. Those recommendations are set out in appendix A to this report together with SMT's comments on those recommendations. At its meeting on 10th November 2015 Cabinet considered that report and the recommendations from the Overview & Scrutiny Committee and made the resolutions which are attached as Appendix B.
- 7.3 The Project Board relating to commercialisation was established in late 2015 and has met on a number of occasions in the intervening period. Executive Members have been updated on the progress of the Project Board on an informal basis throughout that period and this is the first point at which it has been appropriate to report to Cabinet.
- 7.4 A number of Heads of Service have been called to the Project Board to inform the ongoing work and as a result of extensive deliberations in mid-2016 the Project Board

consolidated its focus and has established some principles in relation to commercialisation activities within North Hertfordshire District Council. These are:

- To deliver a financial return which contributes to Council spending plans and helps sustain priority outcomes for the local community.
- To undertake activities and invest wherever possible within the North Hertfordshire geographic area.
- To focus on services which are associated with, or complementary to, the Council's existing functions.

8. ISSUES

- 8.1 The Project board has developed a number of key aims and objectives to guide the further work on our commercial activities.
- 8.2 The principal aims of the approach are to deliver a financial return which contributes to the council spending plans and to help sustain priority outcomes in the local community.
- 8.3 This will entail developing a programme of work that includes a process for identifying potential opportunities, applies methodologies to further develop those opportunities, has a structure in place to ensure those fledgling opportunities are nurtured and supported, and has the resources to successfully deliver the aim of the strategy.
- 8.4 It is also key to develop clearer commissioning intentions and medium term delivery strategies across all major service areas, e.g. by making decisions around multi-district collaboration, seeking more innovative approaches to delivery, challenging existing approaches and set a picture of what the Council will look like in 2020;

Some further objectives will be to:

- Deliver a financial return and contribution in order to invest in services we have to run where we cannot recover adequate or any income, or to invest in new projects;
- Help enable non-statutory services to at least cover all their costs including overheads (and potential opportunity cost) in order to reduce risk of closure and be profit generating where possible;
- Actively engaging in market development and market shaping where no such market currently exists and using insight to manage specification and demand;
- Attract alternative investment models to support service delivery e.g. through social investment;
- Invest and use our financial strengths to deliver a financial return;
- Ensure that outcomes in the local community are delivered on a sustainable basis;
- Strengthen our reputation with residents, local businesses, the Local Government sector, staff, other customers, partners, and stakeholders in general;
- Become a services provider to new and existing customers both from within the local authority environment and beyond, particularly where we are uniquely placed to do so;
- Use the commercial knowledge acquired through this programme and prior experience of operating services in a competitive environment to gain/maintain a competitive advantage.

- 8.5 The principles of commercialisation include:
- Open to all options for service delivery;
 - Willingness to take risks – some ideas may fail;
 - Honesty about current performance – not all current traded services are market ready;
 - Preparedness to invest now for a return in the future;
 - A requirement for concessions to be carefully considered.

In devising the Commercialisation approach we have been mindful of the need for it to align with and complement other key documents that contribute towards the overall success of North Hertfordshire District Council. In particular, this strategy has been aligned to:

- Corporate Plan 2017-2021;
 - Medium Term Financial Strategy 2017/18 to 2020/21;
 - Local Plan.
- 8.6 The Council has made significant progress to date on the progression of “commercialised” services across many of the Council’s activities. The most notable examples relate to the significant turn round in the financial position regarding our contracted leisure services which are a huge success both in terms of improving the provision of leisure facilities for residents across the District and in terms of the financial return to the Council. Until recently the Council’s leisure services have been subsidised by the Authority up to £500,000 per annum. Through a long term investment and development programme with our operators and associated with making capital investments in the facilities this has turned into a situation where the Council receives an annual net income of around £500,000 per annum. Equally in terms of service change that has happened in recent years the Council has worked in partnership with six other Districts within the County and has formed a local authority Building Control Company and allied company to compete with the private sector which was launched in August 2016. Whilst it is early days in the establishment of the companies initial signs are extremely promising. Furthermore the Council has had a community alarms business for over 20 years. Until three years ago the Community Alarms business offered significant benefit to residents subscribing to the service however it was not commercially viable. Working with other District Councils and Hertfordshire County Council and through a reform of the operating model of Careline the numbers of subscribers has increased significantly and both the technology and operating arrangements have led to a far more robust financial position. The development plan is ongoing and will be kept under review as to whether or not the Council needs to implement alternative governance arrangements e.g. to create some sort of company.
- 8.7 The Council has already considered in principle investment in the provision of housing for market rents and the creation of a crematorium at Willbury Hills Cemetery. This was most recently reported in the Council’s budget for 2017/18 and both of these proposals are included in the capital investment proposals attached to the budget reports. It is proposed that the establishment of a housing/development company and the progression of proposals to create a new crematorium supplement the current

initiatives already identified within this report as the Council's focus for its commercialisation activities in the next financial year.

8.8 As can be seen from the spread of initiatives already underway and those which are being progressed commercialisation in North Hertfordshire District Council runs through many service areas and, whilst the emerging structure proposals will provide a greater focus on project delivery and commercialisation it is important that these become mainstream activities in each of the service areas rather than being the sole responsibility for one "commercialisation team".

8.9 In terms of governance the establishment of local authority trading companies provides an added dimension which should now be reflected in the Council's Constitution. It is proposed that a sub-committee of Cabinet be created to act as the "intelligent shareholder" to oversee the activities of the companies from a shareholder perspective. It is very important to allow the companies to operate and make decisions in relation to their own business plans and the role of the shareholder committee would be principally ensuring that the Council's interests are best provided for within the business plans and signing off business plans and any other statutory arrangements as may be required. With the formation of companies there will also need to be directors on those companies who are officers of the Council. This is already the case in respect of the CCTV company and in terms of Building Control and revisions to the job descriptions and person specifications for senior officers will reflect such circumstances.

9. LEGAL IMPLICATIONS

9.1 The Council has a number of powers which it can use to seek to 'commercialise' its services and raise additional income. In most cases these relate to discretionary services where these services authorised by statute that a local authority is not **required** to provide, but may do so voluntarily (section 93(1)(a), LGA 2003). The authorisation may be provided by: specific, general, implied or incidental powers.

9.2 There is some current legal analysis that an enhancement to a mandatory service, resulting in a higher standard of service *may be* considered discretionary. In that situation a local authority could rely on general charging powers to levy a charge for the enhanced element of the service¹.

9.3 There are specific powers to charge throughout legislation; for example:

- section 145 of the Local Government Act 1972 (the provision of entertainments) e.g. permits charging for entertainment facilities and admission.
- section 19 of the Local Government (Miscellaneous Provisions) Act 1976: permits charging for the use of leisure and recreational facilities.
- section 38 of the Local Government Act 1976: permits entering into agreements with other utilities and service providers to sell surplus computer capacity.
- section 150 of the Local Government and Housing Act 1989 (LGHA 1989): the Secretary of State can make Regulations authorising principal councils (and other authorities defined in section 152) to charge for discretionary services.

¹ Source: Practical Law Company Practice note: 'Local government: charging for discretionary services'
CABINET (28.3.17)

- 9.4 There are two **general powers** to charge:
- section 93 the Local Government Act 2003: permits charging for the provision of any discretionary service, subject to certain requirements.
 - section 1 Localism Act 2011: General power of competence ('GPC') again subject to limitations.
- 9.5 The Council needs to consider how its constitution reflects its emerging position in relation to the commercialisation of services and that will be a matter that will need to be agreed at Council as part of the review of the Constitution. In general terms it is proposed that the Council's shareholder interests in respect of companies are overseen by a Sub Committee of Cabinet which deals with the agreement of business plans and deals with matters reserved for the shareholder.

10. FINANCIAL IMPLICATIONS

- 10.1 The Corporate Business Planning process for 2017/18 and the medium term financial strategy identify the key challenges that the Council faces in terms of delivering services over the next five years or so. The updated MTFS provides the financial background to the Corporate Business Planning Process for 2017/18 and beyond. In common with recent years the report concludes that it may be necessary to revisit the MTFS on an annual basis.
- 10.2 Financial modelling undertaken for the MTFS and Corporate Business Planning Process for 2017/18 and beyond projects that the overall budget gap for the 4 year period 2017/18-2020/21 is £3.5m. This is on the assumption that Council Tax will be increased by the higher of £5.00 (equivalent Band D property) or 1.9% each year and a managed use of reserves. It would be necessary to use approximately £3.5m of reserves to bridge the budget gap over the period of the MTFS which would mean the total sum needed to enable the Council to reach a balanced budget in each of these years would be in excess of £7m.
- 10.3 The Council's budget identifies investment and efficiency proposals that include commercialisation activities in relation to:
- Income generation from legal and other services
 - Charging for land licences
 - Letting surplus office space
 - Provision of crematorium
 - Income generation from Hitchin Town Hall
 - Provision of housing at market rents
- 10.4 The majority of these initiatives do not require the establishment of new arrangements (eg Local Authority Companies) as they can be undertaken using existing delivery mechanisms.

11. RISK IMPLICATIONS

- 11.1 There are clearly risk implications associated with the development of commercial activities. The Council has a robust and well tried risk management framework and the approach adopted across existing service areas will be applied to the consideration and implementation of new initiatives.
- 11.2 Where separate companies are established appropriate risk management arrangements will need to be developed embedded in the governance arrangements of

those companies. Where officers act as Company Directors there will need to be appropriate insurance/indemnity arrangements.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions have due regard to the need to eliminate discrimination, harassment, victimisation, to advance the equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 The Council's Reorganisation Policies are developed and consulted upon in a way which complies with the Equalities Act 2010.
- 12.3 The Equality Act 2010 came into force on 1st October 2010, a major piece of legislation. The Act also created a new public sector equality duty, which came into force on 5th April 2011. There is a general duty, described in 12.1 that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 12.4 Individual budget proposals relating to efficiencies will consider the impact on all sectors of the community, ensuring that the local consequences of decisions taken are recognised and understood. This will relate to the relevant equalities laws and also the principles of the Localism Act and other relevant legislation. For proposals in excess of £50k or which affect two or more wards officers are required to complete an equality analysis.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of social value as required by the Public Services (Social Value Act) 2012 need not be applied although equalities implications and opportunities are identified in the relevant section above. Social value measurement will be applied though to any projects proposed through the Corporate Business Planning process where a public service contract is required.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no Human Resource implications directly arising from this report however regard will need to be had to resourcing commercial activities and the incorporation of this into job descriptions as appropriate. The new Senior Management arrangements will need to deal with the increased focus on commercial activity whilst maintaining sufficient capacity to deal with the demands of statutory service provision.

15. APPENDICES

Appendix A – Recommendation of Commercialisation Task & Finish Group.
Appendix B – Extract from Cabinet Minutes 15.11.15.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

Commercialisation Task & Finish Group Report

RECOMMENDATIONS FROM COMMERCIALISATION TASK & FINISH GROUP AS REPORTED TO CABINET 15.11.15 (APPENDIX B TO 15.11.15 CABINET REPORT)

COMMENTS FROM THE SENIOR MANAGEMENT TEAM

The Senior Management Team welcomes the opportunity to comment on the outputs from the Task & Finish Group. Given the very limited time available from the report being provided to publication deadline and the wide ranging nature of matters covered in the report the comments are focussed on the recommendations. It is intended that, subject to consideration at Overview & Scrutiny Committee and Cabinet Corporate Board review the detail of the report and supporting information to inform future actions.

2. CONCLUSIONS AND RECOMMENDATIONS

2.1 Councils everywhere have been subjected to a financial squeeze which seems likely to continue in the future. The revenue support grant is decreasing, and other forms of funding are uncertain. Councils have therefore had to become more creative in securing new income streams to strengthen their revenue budgets by undertaking a variety of commercial activities.

2.2 Commercial activities in local authorities have a long history, and they have been given a new impetus both by financial necessity and new powers in the Localism Act. The group heard that many councils in the East of England have embarked on a variety of commercial activities such as developing business hubs, providing commercial CCTV services, selling building control services, the provision of environmental services, housing development and much more.

2.3 The range of activities depended upon a variety of factors including a council's size, expertise, risk appetite and the priority it gives to commercial activities. Colchester Borough Council is the most advanced in the East of England, adopting a private sector approach both to its existing services and its new ventures. They have a commercial trading board which advises Cabinet on business ventures; and specialist staff with commercial and project management skills (head hunted from outside the public sector) who keep careful track of projects and proposals to ensure project stay on track and that returns from investment and savings from internal efficiencies are realised.

2.4 NHDC Council understands the importance of developing new income streams to strengthen its revenue position and broadening its commercial activities. It already has income from sales, fees and charges of nearly £8 million and this is expected to rise to £9 million by 2019/20. Not all of this income is from commercial activities; and that which is has to be weighed against the cost of generating it. The Council's main income from these sources in February 2015 was:

• Parking	£2.28 million
• Careline	£1.06 million
• Trade Refuse	£0.94 million
• Recycling sales	£0.54 million
• Building development control	£0.50 million
• Building control	£0.36 million
• Burial grounds	£0.26 million
• Land charges, licensing, pest control	£0.48 million
• Other	Approx £1.50 million

2.5 The Council's range of commercial activities and other forms of income generation activities covers a variety of areas including fees for statutory work; and variations to or exploitation of its traditional activities. The Council's rationale for commercial activities varies too. Some are driven by the need to tackle loss making services like Careline or Building Control; some, like the proposed crematorium are intended to fulfil a community need resulting from to a lack of cemetery space; others are long standing discretionary services like off street parking.

2.6 The Council has had most commercial success in areas with which it is familiar like waste, parking and leisure: but its progress in developing its commercial activities further is constrained by shortages of resources, lack of expertise in key areas and by the lack of an overall commercial strategy. If it wishes to move to the next level, the Council needs to put a structure in place to make this happen.

Recommendation 1: The Council should appoint a senior commercial manager to lead and coordinate its commercial activities; and to identify and develop new commercial opportunities.

SMT agrees that there has been significant progress to date in developing commercial opportunities and that a 'step change' may be required to drive through some new areas of commercial activity. The Council overall would need to review its approach to commercial operations and its risk appetite. A number of areas have been promoted previously however these have been rejected by Members through the budget workshop process as not fitting with the Council's key objectives and/or risk appetite. The act of appointing a lead officer may be part of a future arrangement but the starting point would be having the clarity of vision about what the Council wish to deliver.

2.7 There will not be any shortage of commercial ideas. Indeed the Group heard that the main challenge for councils can be to whittle a multitude of ideas down to a smaller number of realistic prospects; and then focussing further on the small number which are potential money earners. To do so successfully means producing a robust business case which is then subjected to proper robust commercial scrutiny.

2.8 Colchester BC recognised that its staff did not necessarily have all of the business skills required to take this process from beginning to end. They remedied this by setting up a specialist project management office and by employing a senior commercial manager. Colchester also decided to use the commercial experience of its own members to help. It established a cross party Trading Board of members with commercial skills and experience to assess the viability of commercial proposals and advise Cabinet accordingly. They also invited outsiders to take part when it was helpful to do so. Officers discuss business cases in advance with the portfolio holder before they are sent to the Trading Board to evaluate their profitability, risks and suitability for the Council's portfolio.

Recommendation 2: The Council should appoint a high level commercial board comprised of councillors, officers and others with commercial experience. The board can advise the Cabinet about the feasibility of commercial opportunities and review the performance of existing ones.

SMT are aware that a Trading Board is used in Colchester which is one of a number of models that could be adopted. It would be inappropriate to comment on the circumstances that existed in Colchester or their skill base however in the North Herts Senior Management Team there is a wealth of commercial experience including procurement, land and property, law and finance. Corporate management arrangements

are kept under regular review as part of the duties of the Head of Paid Service and if some form of commercial board would be helpful in delivering the Council's objectives then this will be explored further.

2.9 In the beginning, the Council should concentrate on activities which play to its strengths and those of its strategic partners; provide a level of risk which the Council is comfortable with; and is consistent with - or at least not contrary to - the Council's strategic objectives. Property, both residential and commercial, may be a good place to start. It is a relatively safe investment which yields predictable returns and should appreciate in the long term.

Recommendation 3: The Council should pursue income generation opportunities where it has the skills, experience and resources to do so. These should be compatible with the Council's strategic objectives, and at a level of risk which would not threaten the Council's core services in the event of an enterprise's failure.

Recommendation 4: The Council should explore the possibilities of property investment as a means of generating revenue.

SMT had promoted property investment in previous rounds of Corporate Business Planning and will continue identify options for Member consideration. SMT agrees that this area of investment can offer higher levels of returns than current investment. These types of investments are generally of a long term nature. The Treasury Strategy has been amended to allow this type of investment.

2.10 If the Council does decide to invest in property, there will be short term set up costs and ongoing running costs, along with the staff resources required to administer this. It would probably be uneconomic for the Council to try to manage these properties itself. The Council has good relationships with a number of strategic partners who have large property portfolios and who have systems and contracts in place to let and maintain property. The Council should take advantage of this expertise to help manage any property portfolio.

Recommendation 5: The Council should use the expertise of its strategic partners to help manage its property portfolio.

SMT considers that the optimum arrangements should be used to manage a property portfolio (or indeed other areas of business). To be prescriptive in advance of determining what it is that needs to be delivered would be premature. It may, for example, be more effective for us to develop our capacity/expertise and manage others' resources.

2.11 The Council has considerable assets and it would be worthwhile to review its asset register to understand whether any of them could be used for property development or other commercial purposes.

Recommendation 6: The Council should review its assets register to understand whether any of them could be used for property development or other commercial purposes.

This is already done on a regular basis. The Asset Management Group reviews the assets and confirms which category they sit in. Where an asset is suitable for disposal, the AMG will then consider the best way to achieve a return. Some are sold on the open market and others will be sold with planning permission or potentially developed out either by the Council alone or the Council in partnership with someone else. There is also a project underway with HCC and other partners looking at optimising use of assets and opportunities for sharing premises etc and freeing up sites for

disposal/development. The larger sites with most return are being looked at first eg in Dacorum and Hertsmere and once those projects have completed, others will follow. Additionally within the District we have already commissioned an external review of assets which involves other public sector estate landholders.

2.12 The Council's experience of trying to reduce Careline's costs in order to produce a surplus has been a difficult one, particularly over the issue of recharges. If commercial activities are to generate a surplus, it is important that the costs of commercial activities, particularly recharges, are accurately applied. The Overview and Scrutiny Committee has indicated that it wishes to consider the issue of recharges as a task and finish group in the future.

Recommendation 7: Commercial activities should bear the true cost - but no more than that – of any support they receive from the Council.

SMT agrees that keeping careful control of all costs is important and we regularly compare our costs with other similar Councils. Recharges have been looked at on at least three occasions in the last three years and Accountancy currently have a temporary accountant reviewing the basis for recharges and whether they remain appropriate, bearing in mind the need to comply with CIPFA best practice guidelines. There will also be further breakdown of the recharge heading to clarify which support service is charging for what. The current Finance recharge for example covers accountancy time, transactional charges for creditors/debtors, debt recovery etc. Managers are able to challenge recharges if they believe they are too high and are encouraged to raise with the service accountant who will investigate and suggest any changes that may be necessary. A report recently produced by LG futures which compares NHDC unit costs against all other authorities notes that for central services "North Hertfordshire's unit costs are 2.5% lower than the nearest neighbour average, and ranked 11th highest in the group. Nationally, North Hertfordshire's unit costs are 0.4% below average, and ranked 92nd highest out of 201 comparable authorities."

2.13 If the Council wishes to be more entrepreneurial, it will need to change its existing culture of cautious administration by developing the commercial skills of its staff. There are a number of programmes where staff can be trained and mentored in business practices; and a number of networking and other events where key staff can be exposed to business ideas and practices. These should not simply be training courses, but regular ongoing events and workshops where attendees from all sectors can learn from each other, be exposed to new ideas and think in a more commercial way.

Recommendation 8: The Council should review its training programmes for senior and other key staff to include more commercial training, networking and mentoring activities.

SMT encourages officers and Members to undertake training, mentoring and networking in relation to their roles within the Council and other opportunities that may be available. Senior Officers regularly attend events and training regionally and nationally and in a number of instances have provided advice and mentoring to other Councils on commercial opportunities. The agreed approach to learning and development requires all staff to be provided with training etc of this nature according to assessed need in relation to their roles including 'commercial' activities where appropriate. If the policy direction increases focus on commercial activity there would be a corresponding shift in L & D.

2.14 The changes in the Council's culture which will be required to make commercialisation a success will not be achieved simply by training programmes for a small number of senior officers. Officers at all levels need to be engaged with the process and enthused about the possibilities and challenges of commercialisation. One way to achieve this might be for the Council to launch a scheme that recognises (through a non-financial reward) officers who make useful commercialisation proposals or make significant contributions to their success.

Recommendation 9: The Council should have a scheme that recognises officers who make useful commercialisation proposals or make significant contributions to their success.

EXTRACT FROM CABINET MINUTES 15.11.15

73. TASK AND FINISH GROUP REPORT ON THE COMMERCIALISATION OF COUNCIL SERVICES

The Chairman of the Task and Finish Group on Commercialisation of Council Services (Councillor S.K. Jarvis) presented the final report of that Group. The following appendices were submitted with the report:

Appendix A – Task and Finish Group Report on Commercialisation of Council Services; and
Appendix B – SMT Comments.

The Chairman of the Task and Finish Group presented the recommendations of the Group, which were:

Recommendation 1: The Council should appoint a senior commercial manager to lead and coordinate its commercial activities; and to identify and develop new commercial opportunities.

Recommendation 2: The Council should appoint a high level commercial board comprised of councillors, officers and others with commercial experience. The board can advise the Cabinet about the feasibility of commercial opportunities and review the performance of existing ones.

Recommendation 3: The Council should pursue income generation opportunities where it has the skills, experience and resources to do so. These should be compatible with the Council's strategic objectives, and at a level of risk which would not threaten the Council's core services in the event of an enterprise's failure.

Recommendation 4: The Council should explore the possibilities of property investment as a means of generating revenue.

Recommendation 5: The Council should use the expertise of its strategic partners to help manage its property portfolio.

Recommendation 6: The Council should review its assets register to understand whether any of them could be used for property development or other commercial purposes.

Recommendation 7: Commercial activities should bear the true cost - but no more than that – of any support they receive from the Council.

Recommendation 8: The Council should review its training programmes for senior and other key staff to include more commercial training, networking and mentoring activities.

Recommendation 9: The Council should have a scheme that recognises officers who make useful commercialisation proposals or make significant contributions to their success.

The Executive Members for Finance and IT, Policy and Green Issues, and Planning and Enterprise all thanked the Task and Finish Group for a thorough and interesting report, but expressed their reservations about certain elements of the report and its recommendations. The general feeling was that, whilst the recommendations may well be pertinent, many of them were not sufficiently evidenced to enable the Cabinet to come to a balanced decision on the commercialisation issues raised. Accordingly, the Executive Member for Planning and Enterprise proposed the following suggested resolutions to take the matter forward, which was supported by all Cabinet Members:

- “(1) That the report on Commercialisation of Council Services be noted, and the Task and Finish Group be thanked for their work;
- (2) That the Council should continue to pursue income generation opportunities where it has the skills, experience and resources to do so. These should be compatible with the Council’s Strategic Objectives and at a level of risk which would not threaten the Council’s core services in the event of an enterprise’s failure;
- (1) That the Council should review its assets to understand whether any of them could be used for commercial purposes, including property development;
- (2) That a Project Board be established, to advise the Cabinet on the best method for this Council to deliver the opportunities identified in Resolutions (2) and (3) above and further consider the recommendations identified in the Task and Finish Group report on Commercialisation of Council Services; and
- (3) That the Project Board will present its recommendations to Cabinet at its regular meeting in June 2016.”

RESOLVED:

- (1) That the report on Commercialisation of Council Services be noted, and the Task and Finish Group be thanked for their work;
- (2) That the Council should continue to pursue income generation opportunities where it has the skills, experience and resources to do so. These should be compatible with the Council’s Strategic Objectives and at a level of risk which would not threaten the Council’s core services in the event of an enterprise’s failure;
- (3) That the Council should review its assets to understand whether any of them could be used for commercial purposes, including property development;
- (4) That a Project Board be established, to advise the Cabinet on the best method for this Council to deliver the opportunities identified in Resolutions (2) and (3) above and further consider the recommendations identified in the Task and Finish Group report on Commercialisation of Council Services; and
- (5) That the Project Board will present its recommendations to Cabinet at its regular meeting in June 2016.

REASON FOR DECISION: To enable the Cabinet to consider the report of the Task and Finish Group and consider implementing its recommendations.