

**CABINET
29 JANUARY 2019**

PART 1 – PUBLIC DOCUMENT

ITEM 8

TITLE OF REPORT: COMMERCIAL STRATEGY

Extract from the draft Minutes of the Overview and Scrutiny Committee meeting held on 22 January 2019

73. COMMERCIAL STRATEGY

The report of the Service Director (Commercial) set out the proposed North Hertfordshire District Council (NHDC) Commercial Strategy 2019-23, which detailed the strategic direction for the Council's commercial services over the next five years.

The report gave the case for a Commercial Strategy, and the need to generate additional income from services that are allowed and the need to change to a culture that thought commercially. In addition it provided an overview of the Council's current financial position and the need to improve the annual revenue net position which was currently estimated between £0.7m and £1.9m by 2022/23.

There was a lengthy session of questions in which the following Members took part:

- Councillor Steve Jarvis
- Councillor Sam Collins
- Councillor Kate Aspinwall
- Councillor Martin Stears-Handscorn
- Councillor Simon Harwood
- Councillor Helen Oliver
- Councillor Gerald Morris
- Councillor Steve Deakin-Davies
- Councillor Ian Albert

The following points were raised by the aforementioned Members:

- Risks would need to be fully considered. In terms of the Council's appetite for risk and how risk would be measured.
- Could, in principle, the Council borrow to invest?
- Timescales would need to be more detailed, as some commercial activities would produce returns more quickly than others.
- An indication of KPIs for the business cases would be useful in the strategy.
- The investment that had gone into creating the Commercial Team would need to be looked at, in terms of the cost of recruitment and targets. The

timescales outlined in the Strategy were very long – up until March 2021, and a further detailed timeline would be needed to make the strategy tangible.

- Although income generation was the principle aim of the strategy, social benefit and social values ought to be embedded in the strategy as well, such as the potential of the Churchgate Centre and the Hitchin Museum building.
- How would the Council's non-statutory services be protected, to attain the right balance between developing the commercial agenda and non-statutory services? It was important to ensure that the Council's documents reflected both the commercial agenda and protection of statutory and non-statutory services.

The Service Director (Commercial) responded and Members noted that:

- The detail of each commercial activity would be provided in each business case and not in the Strategy. Each business case would include risks, KPIs, timescales as well as details on returns on investments as part of a scoring matrix.
- Officers would be researching the commercial activities of other Councils and sharing best practice.
- All business cases would be approved by either the commercial Sub-Committee of Cabinet or Cabinet and the Overview and Scrutiny had the ability to call in decisions.
- The Commercial Team would engage with other teams within the Council, and encourage them to think commercially and put together business cases such as income from parks, providing legal and IT support to other Councils improving technology or more long term projects such as a solar farm.
- The Commercial Team consisted of the Service Director, two Commercial Support Officers and the Council was in the process of recruiting a Commercial Manager and Officer.
- The success or failure of the Commercial Team would be measured and brought back to the Sub-Committee of the Cabinet, and the Executive Member confirmed this.
- The success or failure of certain business plans would also be brought back to the Sub-Committee of the Cabinet.
- Additional income would help protect non-statutory services.

Members then highlighted that it was inappropriate for Cabinet to use just the Sub-Committee and as best practice it would need to be more inclusive. It was proposed that Cabinet work with Overview and Scrutiny Committee to establish a cross party Group so that expertise was fully utilised.

RESOLVED TO RECOMMEND TO CABINET:

- i. The Overview and Scrutiny Committee requests that the Commercial Strategy establishes a cross-party group to provide governance to the Cabinet Sub-Committee (Local Authority Trading Companies' Shareholder) and the commercial department within the Authority, something akin to previously used Project Boards.
- ii. That Key Performance Indicators be devised to monitor and measure the performance of the Commercial Team.

- iii. That the Overview and Scrutiny Committee wished for it to be highlighted within the Strategy that any potential impact regarding the Council's statutory and non-statutory functions, must be mitigated. The Committee also wished for those protections of such services to be highlighted within the Corporate Plan.

REASON FOR DECISION: To enable the Overview and Scrutiny Committee to consider the Commercial Strategy prior to adoption by the Cabinet.