



# Finance Sub-Committee 31 January 2018

## Commercialisation Strategy

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### Purpose of report

To seek member approval for the Commercialisation Strategy

Appendix 1 – Commercialisation Strategy 2017-2021

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### 1.0 Introduction

1.1 This report introduces a new Commercialisation Strategy as the basis for agreeing a policy position and action plan to drive delivery. The Strategy will support delivery of the Corporate Plan and the Medium Term Financial Strategy within the context of embedding a culture of being an enterprising council.

1.2 Approval is being sought for the final Strategy (see Appendix 1)

### 2.0 Background

2.1 The strategy will help to generate the income needed to deliver the Council's Corporate Plan and associated outcomes. The policy will, for the most part, focus on income generation but will also influence (and make reference to) activity that is (or will be) covered by other Council policy regarding:

- Treasury management
- Efficiency planning
- Business transformation
- Asset management
- Organisational development
- Land use planning
- Economic development
- Destination management

2.2 The main driver for commercialisation is the need to address the gap in the Council's budget resulting from the reduction of Revenue Support Grant from Government which by 2020 will be completely removed. Taking a commercial approach to running the Council will also improve other aspects of how the Council does business:

- Business and entrepreneurial skills of staff that will improve overall productivity
- Business and entrepreneurial awareness of members that will improve decision making
- Understanding and working relationships with partners across all sectors
- Innovation with new models of delivery to improve service provision

2.3 The development of this policy has involved reviewing best practice from across all sectors. This will be continued through to delivery to ensure a culture of continuous improvement underpins the Council's approach to commercialisation.

### **3.0 Policy**

3.1 The Council will introduce commercialisation into how it operates through 4 work streams:

- Investing in property and land
- Rationalising and developing its assets
- Introducing commercial disciplines into working practices
- Exploring other forms of investment

All activity will be subject to the following **5 Golden Rules**:

1. *Service quality is improved or at least maintained, which should include the consideration of the social value of services and the safeguarding of core activity.*
2. *Clear returns on investment that can be assessed and compared against a range of other forms of investment to ensure a favourable return is secured to reflect the level of risk taken.*
3. *Due diligence is undertaken to understand all known implications for the Council as part of the decision making process and governance arrangements for delivery are fit for purpose*
4. *Diversity of investment in the size, form, duration and location should ensure a spread of risk and provide the basis for exploring a range of opportunities*
5. *Regular review of investment and asset portfolio to ensure it remains fit for purpose*

3.2 The action plan up until March 2021 presents 14 headline actions

1. Procure property expertise to support delivery
2. Explore investment funds to enable commercial, residential and mix use acquisitions
3. Explore a Property Company to hold residential and mixed use investments
4. Agree annual Property Acquisition Plan on size, form, duration and location of property investment
5. Review current Asset Management Strategy
6. Drive delivery of council development sites
7. Deliver the Enterprise Centre project
8. Review use of Council offices
9. Establish ENC Business Hub proposal
10. Review current working practices
11. Align Council services behind the local economy through its Business Charter
12. Support services areas to embed commercial disciplines into service planning such as current work with Wellingborough regarding building control services
13. Explore scope for equity type investments
14. Explore scope for sponsorship including, for example, marketing apps, lottery and banners on lampposts

3.3 The detail of the headline actions will be worked up and delivered through a combination of the Council's project management process, briefing notes and reports to committee.

### **4.0 Equality and diversity implications**

4.1 Any development resulting from the Strategy will be DDA compliant.

### **5.0 Legal Implications**

5.1 There will be a number of legal implications in taking forward the action plan which will be considered as and when these are reported to committee.

## 6.0 Risk Management

6.1 A risk register for the action plan will be produced and reviewed on a regular basis with any issues reported to committee as and when required.

## 7.0 Financial and Resource Implications

7.1 This reports asks members to consider the of use reserves and or loans to set up an investment fund to support a property acquisition plan that will focus on commercial, residential and mixture use property within East Northamptonshire District. Further approval will be sought for each investment at the time of acquisition.

## 8.0 Corporate Outcomes

8.1 This report contributes to the following corporate outcomes:

- **Good Quality of Life** – Supporting improvements to service delivery
- **Good value for money** – Improving the rate of return on investment, productivity of staff and generating new sources of income
- **Effective Partnership working** – Ensuring better connectivity between the council and local partners, particularly local businesses

## 9.0 Recommendations

The Sub-Committee is recommended to approve the Commercialisation Strategy

*(Reason – To drive forward the delivery of the Commercialisation Strategy)*

<b>Legal</b>	Power: Local Government Act 1972				
	Other considerations:				
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East  
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# Commercialisation Strategy



Enterprising East Northants Council  
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## Change History

Issue	Date	Comments
V0.1	21 December 2017	Circulated to CMT and members working group for comment

*NB: Draft versions 0.1 - final published versions 1.0*

## Consultees

Internal	External
CMT	
Middle Managers	

## Distribution List

Internal	External
All members	
CMT	
Middle Managers	

## Links to other documents

Document	Link
Corporate Plan	
Medium Term Financial Strategy	
Economic Development, Tourism and Regeneration Strategy	
Asset Management Plan	In development
Organisational Development Plan	In development

## Additional Comments to note

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# 1. Introduction - Commercialisation in Context

**1.1 Purpose and Scope** - This document sets out the Council's policy position with regards to commercialisation and how it will support the delivery of the Council's Corporate Plan and associated outcomes and as a result enable the Council's vision of sustaining a thriving district to be achieved. The policy will, for the most part, focus on income generation but will also influence (and make reference to) activity that is (or will be) covered by other Council policy regarding:

- Medium Term Financial Strategy
- Treasury Strategy
- Efficiency Plan
- Business Transformation
- Asset Management
- Organisational Development
- Land use planning
- Economic Development
- Destination Management

**1.2 Drivers for commercialisation** – The main driver for commercialisation is the need to address the funding gap in the Council's Medium Term Financial Strategy resulting from the reduction in Government funding, the costs of a growing population and cost pressures on service provision. Taking a commercial approach to running the Council will also improve other aspects of how the Council does business:

- Business and entrepreneurial skills of staff that will improve overall productivity
- Business and entrepreneurial awareness of members that will improve decision making
- Understanding and working relationships with partners across all sectors
- Innovation with new models of delivery to improve service provision

**1.3 Best practice** – The development of this policy has involved reviewing best practice from across all sectors. This will be continued through to delivery to ensure a culture of continuous improvement underpins the Council's approach to commercialisation.



## 2. Policy

**2.1 Outcome** – By 2021 the Council will be financially self sufficient from central Government funding and all income will be locally determined. The Council will be well placed to take advantage of a range of commercial opportunities that will secure long term financial sustainability, whilst providing opportunities to extend service provision, drive new projects and reduce local tax burdens on residents and businesses in line with the Corporate Plan

**2.2 Status** – The current position relating to the above is characterised by:

- Significant savings have been made through delivery of an efficiency plan
- Major investment into town centre site to generate income and secure interest in strategic site as basis for driving redevelopment and reconfiguration of the town centre
- Asset management strategy that in recent years has focused on disposal of land assets to developers which have generated capital receipts
- A treasury strategy that is focused on low risk investments
- Several shared service activities enjoying a mixture of success
- A dedicated but, in some service areas, overstretched workforce put under increased pressure from a combination of higher customer expectation, a lower level of resources and a reduction in standards of living.
- No formal training or provision regarding commercialisation
- Work environment does not reflect current best practice in office design and does not make the best use of the space available.

**2.3 Policy** - To move the Council from its current position described in section 2.2 towards to desired outcome presented in section 2.1 the following policy will be pursued:

- The council will introduce commercialisation into how it operates through 4 work streams:
- Investing in property and land
- Rationalising and developing its assets
- Introducing commercial disciplines into working practices
- Exploring other forms of investment

All commercialisation activity will be subject to the following 5 Golden Rules:

1. Service quality is improved or at least maintained which should include the consideration of the social value of services and the safeguarding of core activity.
2. Clear returns on investment that can be assessed and compared against a range of other forms of investment to ensure a favourable return is secured to reflect the level of risk taken.
3. Due diligence is undertaken to understand all known implications for the Council as part of the decision making process and governance arrangements for delivery are fit for purpose
4. Diversity of investment in the size, form, duration and location should ensure a spread of risk and provide the basis for exploring a range of opportunities
5. Regular review of investment and asset portfolio to ensure it remains fit for purpose

Appendix 1 details the action plan up until March 2021 to take forward the work streams presented in the policy. This action plan presents the headline actions, leads and timeframes under four work streams. The detail of the headline actions will be worked up through a combination of the Council's project management process, briefing notes and reports to committee.

### 3 Next Steps

#### 3.1 Governance and management arrangements – The keys aspects are as follows:

- Policy and Resources Committee – Oversight of Policy development and review
- Finance Sub Committee – Oversight of decision making on project proposals
- Member working groups – Oversight of review of specific policy aspects – e.g. Asset Review
- Corporate Management Team – Oversight of project development
- Business Charter Group – Oversight of project conception
- Other groups will be established as required

#### 3.2 Processes and procedures to support delivery – The delivery of the strategy will be overseen by the Head of Economic and Commercial development with support from a range of internal and external resources. This will include, for example, involving the Northamptonshire Growth Hub to support the development of business ideas.

Internally, it is proposed that a virtual commercial team is set up to oversee the day to day management of the delivery of this strategy. It is suggested that this includes:

- Head of Economic and Commercial Development (HECD)
- Section 151 Officer
- Finance Manager
- Business Transformation Manager (BTM)
- Property Management Contractor (current being procured)
- Specialist Legal advice as required

Other officers will be involved on an ad hoc basis depending of the focus of the work being undertaken. The team will report through to CMT to ensure all services areas have an oversight and input into the delivery of the action plan.

## Appendix A – Action Plan to 2021

Work Stream	Headline Actions	Lead	Timeframe
WS1 - Investing in property and land	1. Procure property expertise to support delivery	HECD	Spring 2018
	2. Explore investment funds to enable commercial, residential and mix use acquisitions	CFO	Jan 2018 to Spring 2019
	3. Explore Property Company to hold residential and mixed use investments	CFO	Jan to Autumn 2018
	4. Agree annual Property Acquisition Plan on form, duration and location of property investment	HECD	Spring 2019 (Then annually thereafter)
WS 2 - Rationalising and developing its assets	5. Review current Asset Management Strategy	HECD	Through 2018
	6. Drive delivery of council development sites	HECD	Jan 2018 – Spring 2021
	7. Deliver the Enterprise Centre project	HECD	Aug 2017 – Spring 2020
	8. Review use of Council offices	BTM	Nov 2017 – Spring 2019
WS 3 - Introducing commercial disciplines into working practices	9. Establish ENC Business Hub proposal	HECD	Summer 2018
	10. Review current working practices	BTM	Through 2018
	11. Align Council services behind the local economy through its Business Charter	HECD	July 2017 to Mar 2021
	12. Support services areas to embed commercial disciplines into service planning	HECD	Summer 2018 (Then annually thereafter)
WS 4 - Exploring other forms of investment	13. Explore scope for equity type investments	HECD	Through 2018
	14. Explore scope for sponsorship	BTM	Through 2018

**Note** – This work programme will be reviewed annually and updated as required.