

# NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

## POLICY DEVELOPMENT GROUP - WEDNESDAY, 19 SEPTEMBER 2018

Report Title	<b>DRAFT COMMERCIAL STRATEGY</b>
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Purpose of report	To request that Policy Development Group consider and comment on the draft commercial strategy prior to consideration of the document by Cabinet on 9 October 2018.
Council priorities	<p>Value for money</p> <p>Building confidence in Coalville</p> <p>Homes and communities</p> <p>Business and jobs</p>
Implications:	<p>The financial outcomes of the commercial strategy will be monitored via the MTFS to Cabinet.</p> <p>Existing staff resources can cover the development of the commercial strategy and the set up of small commercial initiatives. It is likely that additional resources will be needed in connection with bigger pieces of work, for example, in connection with business development, marketing or legal advice as work progresses. Requests for resources will be considered by the Project Board, Corporate Leadership Team or Cabinet as appropriate.</p> <p>The development of significant commercial initiatives will be done utilising the corporate project management framework.</p> <p>Equality impacts will be continuously monitored and taken into account for individual projects.</p> <p>None discernible at this time.</p> <p>The Council may need to consider other models of service delivery.</p>
Financial/Staff	
Link to relevant CAT	
Risk Management	
Equalities Impact Screening	
Human Rights	
Transformational Government	

Comments of Head of Paid Service	Report is satisfactory.
Comments of Section 151 Officer	Report is satisfactory.
Comments of Monitoring Officer	As author of the report, the report is satisfactory.
Consultees	CLT, Strategy Group.
Background papers	None.
Recommendations	<b>THAT POLICY DEVELOPMENT GROUP COMMENT ON THE DRAFT COMMERCIAL STRATEGY.</b>

## 1. BACKGROUND

- 1.1 Despite managing its finances well over many years, we know that the Council will face a budget deficit in 2023. The cost of providing Council services is increasing, the revenue support grant from Government will cease in 2023 and the Council will be increasingly reliant on local income.
- 1.2 It is currently estimated that the budget deficit will be £5m by 2023 and the Council has committed to reducing the reliance on New Homes Bonus by 25% or £1.5m by 2023. This takes the total deficit which the Council needs to plan for to £6.5m. This figure is based on certain financial assumptions and variables and may change. Members will be kept informed and updated via the Medium Term Financial Strategy (MTFS) which is regularly reported to Cabinet. For the purposes of future planning it is important to have a target figure, whilst understanding that this figure may change over time.
- 1.3 To set the commercial strategy in context it may be helpful to understand the structure of the Council's programme of work.
- 1.4 The Council has established a Corporate Portfolio of Programmes:
  - People
  - Place
  - Journey to Self Sufficiency
  - Customer First
- 1.5 These arrange the work that is being done, across the Council on the current corporate priorities, into a clear framework with appropriate project and corporate governance. This work together with team business plans feeds into the Council Delivery Plan (CDP).
- 1.6 The Journey to Self Sufficiency Programme is the Council's plan to manage the budget deficit. The commercial strategy is part of that programme of work. It also includes other key pieces of work such as saving £200k to manage the corporate impact of leisure outsourcing, the development of the Asset Investment Strategy and reviewing fees and charges.

- 1.7 The Strategic Director of Housing and Customer Services is leading on the Journey to Self Sufficiency Programme (J2SS). The Head of Legal and Commercial Services is leading on the commercial strategy.

## **2. NWLDC APPROACH TO COMMERCIALISM - BEING MORE BUSINESS-LIKE**

- 2.1 Policy Development Group is requested to review and comment on the draft commercial strategy prior to its consideration by Cabinet on 9 October 2018.
- 2.2 The draft commercial strategy is attached in Appendix 1.
- 2.3 The draft strategy sets out the context of the organisation, the financial challenge, what a commercial approach means for NWLDC and the broad principles of how we will generate additional income. The strategy is as much about cultural change as it is about income generation. The document recognises that, for NWLDC being more commercial is not just about making money. It is also about how we work and provide our services. It will become increasingly important for the organisation to work in a more business-like way; thinking more about why and how we are doing things and whether we are being as efficient as possible whilst not losing the core public sector ethos. The document, entitled "Being More Business-like", seeks to foster, embrace and embed a one-council approach which engenders shared accountability for the financial sustainability of the organisation together with the empowerment of staff. It will enable staff to make small changes which make efficiencies and improve services as well as set the framework for significant pieces of work or projects, such as investment in commercial property, developing existing commercial activities, or exploring new ways to earn extra income.
- 2.4 A 3-5 year action plan is being developed alongside the strategy which will establish ownership for actions with clear timescales next to the delivery of key themes identified in the document. For example, knowing our costs, identifying opportunities for further trading, reviewing our fees and charges for services, asset investment, looking at other models for service delivery and exploring company structures where it makes sense to do so.
- 2.5 The approach taken and language used in the draft document in the draft commercial strategy aligns with the communications strategy, the emerging people plan and customer services strategy. This reflects the desire for a collaborative and empowered organisation with engaged managers and teams.

## **3. NEXT STEPS**

- 3.1 The commercial strategy will be presented to Cabinet on 9 October 2018.