

CABINET

DATE OF MEETING: 7 SEPTEMBER 2017

TITLE OF REPORT: CONSIDERATION OF DRAFT COMMERCIAL STRATEGY

Report of: Joint Chief Executives

Cabinet Member: Councillor David Neighbour, Leader of the Council

1 PURPOSE OF REPORT

1.1 To consider the attached Draft Commercial Strategy.

2 RECOMMENDATION

2.1 That the Commercial Strategy, be approved, subject to any amendments by Cabinet.

3 BACKGROUND

3.1 The Council has been delivering a range of commercial approaches for a number of years, including

- Outsourcing of the Leisure Services,
- Renting space in the Council Offices
- Gaining advertising and sponsorship for Hart News and roundabouts.
- Working in partnership with Town and Parish Councils on such services as dog warden services

3.2 At a time of continued austerity, and increasing uncertainty on future financing of Local Government, new approaches are required to improve the resilience of the Council's finances, to ensure front line services are protected for our communities.

4 CONSIDERATIONS

4.1 Reflecting the ongoing changes in the local government financial context, recent discussions with the Leader and representatives from Cabinet has resulted in the production of the attached Draft Commercial Strategy. (Appendix A)

4.2 This strategy sets out the framework for the Councils approach to commercialisation, including the key aims, and key values around ethical commercial approaches and the balance of risk and reward.

4.3 The strategy will be underpinned by more detailed service and project planning, however it sets out to the market place, partners and staff the clear structure within which commercial projects will be considered and brought forward.

5 FINANCIAL IMPLICATIONS

5.1 There are no direct financial implications arising from this report.

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APPENDICES

Appendix A – Draft Commercial Strategy

Appendix A

HART COMMERCIAL STRATEGY 2017 – 2022

Foreword

Welcome to our Commercial Strategy. In the context of continued austerity, our commercial strategy sets out our approach to commercialisation for 2017-2022 as well as the key drivers for growth.

Local Government is facing a number of financial challenges

- Grants have reduced and for Hart District Council this means a reduction from over xx million to a negative position (i.e. we have to pay a grant to Government) in 2019.
- New Homes Bonus, another form of funding that has supported provision of services to our residents, is due to be phased out
- The future of local government financing has become less clear, with the recent shelving of the Local Government Finance bill, which aspired to enable councils to become self financing through business rates

This Plan supports the Councils Corporate Plan and Medium Term Financial Strategy. It provides more detail regarding the direction and focus we will take commercial decisions moving forward.

Commercialisation is not a new area of work for Hart District Council, we have been working in partnership with other public and private sector partners on a range of opportunities for a number of years.

However, this marks a strategic point in the Councils approach; clearly establishing what commercialisation means to us, our aims and the outcomes we want and how we go about implementing this, for our communities.

We will need to keep this strategy under review, as opportunities and markets change during the 2017 – 2022 period. This will keep this strategy fresh, ambitious and in line with the aspirations of our communities.

David Neighbour
Leader of the Council

Corporate Plan Objective Becoming a more Efficient and Effective Council

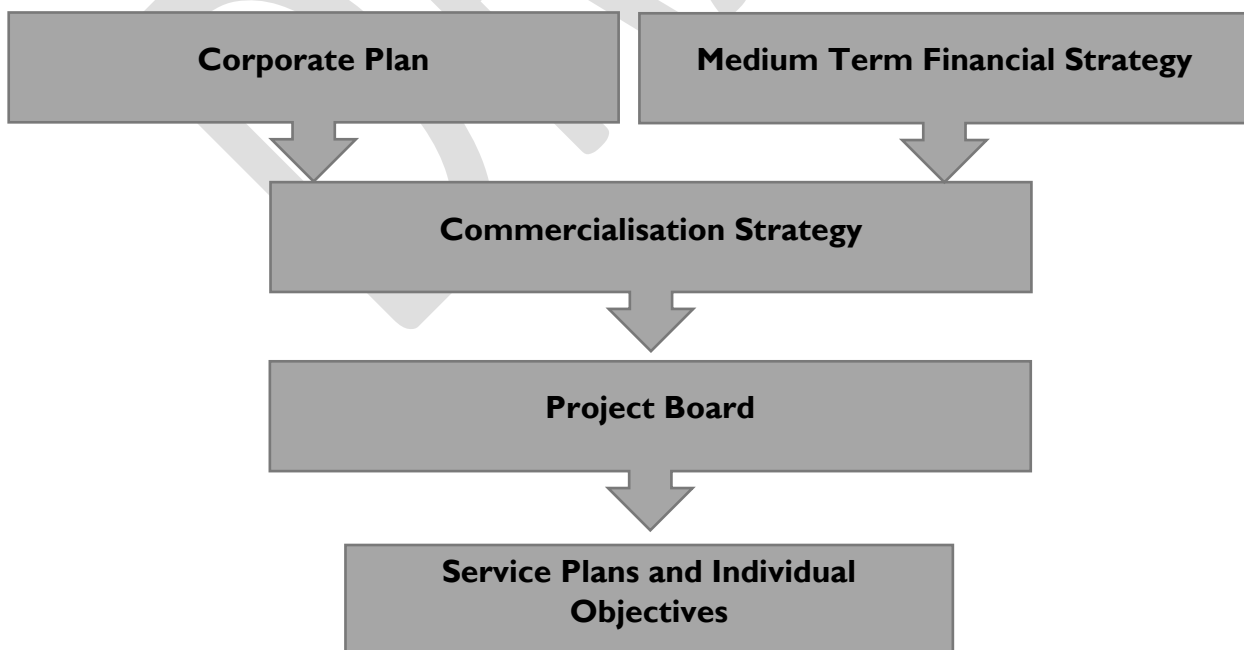
The Council's draft Corporate Plan established a key priority to explore options to increase financial self- sustainability.

The Corporate Plan is due to be consulted upon, with the communities of Hart in September/October 2017, however the draft plan sets out that we will achieve this by

- Ensuring our Medium Term Financial Strategy is focused on strategic priorities;
- Maximising income opportunities, where appropriate identifying new opportunities for income generation, where appropriate such as continuing to explore the opportunity to create a trading company;
- Increasing the use of Information Technology to maximise efficiencies;
- Where possible, migrating customers to lower cost online services as the service of choice;
- Having a more engaged and motivated workforce;
- Continuing to reshape the way the Council works to realise our savings target and improve performance;
- Maximising Council income through effective asset management and collection activities; and
- Continuing to work with partners to deliver joint services.

This commercial strategy explores those options to become increasingly financially self-sustaining and the key factors we will consider when taking decisions in these areas.

This impacts across the whole Council, there is a 'golden thread' that links our Corporate Plan, Medium Term Financial Strategy and the Commercial Strategy to each Service Plan and our day-to-day working priorities.



The Commercial Strategy – what this means for us

We start with the overarching aims and the outcomes we want to achieve;

Our aim is to relieve the budgetary pressures and by doing so, provide the opportunities to protect and enhance front line services through increased self-sustainability, delivering commercial benefits within the next 2-4 years.

This means we will

- Work actively with our staff to look at opportunities for income generation from existing or new services that we could deliver to our communities
- Seek collaborative public or private sector partnerships which deliver financial benefit (revenue or capital)
- Ensure the Councils own estate is effectively managed to generate income
- Keep under review the resources and skills required to deliver these aims.

Our Commercial Strategy and approach will be ethical

This means we will

- Ensure, in an area of complex legislation, that we are legally and state aid compliant.
- When evaluating the business case of projects with similar returns, in accordance with the Public Service (Social Values) Act, we will look to deliver those initiatives that provide the best social or environmental outcome.
- Not utilise a monopoly position held by the Council to drive single niche competitors based in Hart, out of the market place
- Recognise our role in delivering our commercial priorities, may require a separation of decision making from those made by the Council as a Local Planning Authority, to prevent conflicts of interest.

Our Commercial Strategy will balance risk and reward

This means we will

- Aim for a balanced portfolio of commercial projects that cover a range of sectors e.g. returns on asset investment, increased revenue generation, reducing costs through further shared services
- Be open minded to opportunities outside of the district, which may provide greater rewards, without enhanced risks
- Work with established partners who have proven expertise in the field.
- Continue to review risk as part of the Councils broader risk management regime
- Seek appropriate rates of return for commercial projects that deliver a margin over and above any costs, including those associated with professional support and funding

High Level Implementation Plan

Short Term Goals (up to March 2017)	Medium Term Goals (2017 – March 2020)	Long Term Goals (2020 onwards)
General		
Commercial Strategy to be adopted by Hart District Council	Continue to develop commercial and investment opportunities to impact on annual efficiency targets	Reduce reliance on Government grant and New Homes Bonus
Income Generation		
Adopt a project management approach to consideration of business cases	Continue to develop commercial opportunities in line with this approach	
Encourage all staff to put forward ideas for income generation as part of the 2017/18 budget process	Analyse internal commercial skills and seek to retain, or up skill relevant staff.	
	Develop an advertising and sponsorship policy along with standard terms and conditions	Increase income generated from advertising and sponsorship
Shared services		
Continue to ensure existing shared services continue to provide good value and quality services to our residents.	Work with strategic partners to look at new opportunities for shared services	Review and implement changes to enable continued alignment of service delivery with value.
Strategic Partnerships		
Engage with and then visit potential strategic partners to explore in greater depth, the opportunities, the risks and the costs associated with the approach	Following the project management approach, bring forward options for investment outlining risk/reward	Continue to bring forward a balanced portfolio of commercial opportunities
Work with the LGA on the creation of an Insurance Mutual		
Explore the opportunities associated with the creation of an Energy Company across the South East of England		