

COMMERCIAL STRATEGY

To: Commercial and Investments Committee

Meeting Date: 22nd March 2019

From: Amanda Askham – Director of Business Improvement and Development

Electoral division(s): All

Forward Plan ref: 2019/034 *Key decision: Yes*

Purpose: To provide an overview of the proposed Commercial Strategy 2019-2021

To seek endorsement for the Strategy and the accompanying Key Performance Indicators

Recommendation: To comment on, endorse and recommend to Full Council to agree the Commercial Strategy 2019-2021

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1. BACKGROUND

- 1.1. Like other Local Authorities up and down the country, Cambridgeshire County Council finds itself in challenging financial times. The funding for our services comes from government grants and funding raised by the Council through the collection of Council Tax and commercial activity. Since 2010, to try and reduce the fiscal deficit, successive governments have reduced funding for local government in England and there has been a move away from central government grants towards locally sourced taxation such as Council Tax and Business Rates. Almost half of all councils are due to completely lose core central government funding from the Revenue Support Grant from 2020/21. The sector has done well to manage substantial funding reductions since 2010, but many local authorities are now nearing a cliff edge, with growing overspends and reducing reserves. Based on our current levels of service and the expected local and national demand trajectory, Cambridgeshire County Council will need to make another £60m of savings over the next three years. The Commercial strategy is the Council's proactive response to addressing the challenges it faces.
- 1.2. Our 2019-2021 Commercial Strategy marks a decisive point in the Council's approach; establishing what commercialisation means to the organisation, the key objectives we are looking to achieve and how we measure this. The Council has recognised the need to develop strength and depth in our activity and create commercial returns which contribute to supporting crucial frontline services.
- 1.3. This Commercial Strategy, its themes and enablers have been developed in consultation with Members, lead officers and our partners.
- 1.4. This Commercial Strategy aligns closely with other key strategies including the Medium Term Financial Strategy and the Capital Strategy, Transformation, Demand Management, Energy and IT and digital strategies and incorporates our Acquisitions and Investment Strategy, our Fees and Charges Policy and our Procurement Framework.
- 1.5. Through this strategy, the Council is signalling an intention – driven by necessity – to enter a new phase of enterprise, investment and commercial growth. We will continue to put the best interests of Cambridgeshire residents at the heart of everything we do and will work with partners who share our ambition and values.

2. OVERVIEW OF THE COMMERCIAL STRATEGY 2019-2021

- 2.1. Our commercial vision is to develop a range of commercial activity which delivers financial and social return by becoming a council that uses its assets, skills and position to generate significant levels of new income to support the delivery of crucial frontline services.
- 2.2. Our ability to enter this new era of business enterprise and growth will depend on a number of internal and external factors including: how well we use our powers and delegations; strength of our MTFs; the amount of physical, intellectual and brand assets which can be exploited; political appetite to accept new risk and our capacity to implement change and maximise opportunities.

- 2.3. In this strategy, commercialism includes:
- Making a profit from trading and investments
 - Maximising value for money from contractual relationships;
 - Making robust decisions on a consistent basis with evidence and a sound business case;
 - Thinking about the return on investment for every pound we spend;
 - Considering the whole life cost of policy decisions, including market impact;
 - Collaborating with the market and with partners to develop alternative models for greater return
 - Considering new and innovative ways of generating income;
 - Maximising use of revenue and assets
- 2.4. We shall adopt a commercial approach which allows everybody to share their ideas and for these to be evaluated swiftly using a robust methodology. We want our workforce, our partners and our communities to feel valued and involved in our new enterprising and commercial approach and our staff will receive appropriate skills development and training.
- 2.5. In order to achieve its ambitions and commercial success we accept that the Council may need to take more risk than in recent times. Governance, management and performance of new commercial enterprises, partnerships and contracts will continue to be robust to ensure that the Council adheres to its statutory responsibilities and that public money continues to be appropriately used and accounted for.
- 2.6. On adoption of the Commercial strategy, we will be reporting on key performance indicators to Commercial Investments Committee on a regular basis.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1. The Strategy is focused on creating commercial returns to support the delivery of crucial frontline services which drive positive impact on all three Corporate Priorities.

- A good quality of life for everyone
- Thriving places for people to live
- The best start for Cambridgeshire's children

3.2. This will be achieved by:

- Using our public assets wisely and raising money in a fair and business like way to generate social return for all citizens of Cambridgeshire
- Growing financial and social capital place by place by stewarding local resources including public, private and voluntary contributions
- Continuing to invest in the environment, infrastructure and services that are a vital part of everyday life for everyone in the county and for a thriving local economy.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

To deliver the ambitious commercial targets we will require some additional expertise across the three priority areas:

- contract management, market shaping and procurement
- contribution and funding
- acquisitions and investment

A full action plan and specification for resource (internal and external) will be developed following approval of the Strategy by C&I Committee.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

One of the priority areas of the Strategy indicates an innovative approach to procurement and contracting. Work on this has started with colleagues from Procurement and through the Commercial Board and will continue to develop once the Strategy is approved.

4.3 Statutory, Legal and Risk Implications

Our ability to deliver the Strategy will depend on a number of factors including how well we use our legal powers and delegations and the political appetite to accept new risk. Full business cases, which consider legal implications and clearly articulate risk and reward, will be developed for all commercial proposals.

4.4 Equality and Diversity Implications

There are no significant implications within this category directly involved with the approval of the Commercial Strategy.

4.5 Engagement and Communications Implications

The Commercial Strategy will be communicated through different channels and to different audiences in a variety of formats.

4.6 Localism and Local Member Involvement

Members of the C&I Committee will be involved in reviewing (and often in developing) Business Cases for commercial proposals. Where there is a direct impact in a locality, Local Members will be notified according to the Council's constitution.

4.7 Public Health Implications

The Strategy is focused on creating sustainable funding for the delivery of crucial frontline services, many of which have a positive impact on Public Health priorities.

The Commercial Strategy has been developed /cleared by the Strategic Management team:

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Chris Malyon
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	N/A
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	N/A
Have the equality and diversity implications been cleared?	Yes Amanda Askham
Have any engagement and communication implications been cleared by Communications?	Yes Christine Birchall
Have any localism and Local Member involvement issues been cleared?	Yes Amanda Askham
Have any Public Health implications been cleared by Public Health?	Yes Liz Robin

Source Documents	Location
Commercial Strategy 2019-2021	<u>attached</u>