

LGA/loD Commercial Skills Training Pilot Programme - Evaluation Report

August 2017



Acknowledgements

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Introduction

This report provides an overview of the views and reflections of participants who attended the LGA/Institute of Directors (IoD) pilot commercial skills training programme in summer 2016. A series of telephone interviews were conducted with attendees during July 2017 in order to establish the impact of the course on individuals and on their council.

Background

The first LGA and IoD led Commercial Training Pilot programme took place in July 2016. In order to understand and capture the views of those who attended, the LGA Research & Information team was commissioned to run a series of telephone interviews during July 2017. Six telephone interviews took place with Chief Executives and Senior Officers who had attended.

This report provides an overview of comments about the impact of the programme and views about how the programme could be further developed in the future.

The Interviews

Participants were asked about:

- the impact of the commercial training on how they undertook their role
- estimated monetary value of income generated by their council's current commercial activities.
- what the council either does or does not do now as a result of their attendance on the training
- innovative practice resulting from attendance on the course; and
- improvements that could be made to the Commercial Skills Training.

Those participating were also offered the opportunity to comment more generally on the commercial training they had received at the end of the interview.

Emerging themes

This section of the report provides a brief overview of the key points made under each section.

Impact on undertaking role

The training had had a positive impact on all participants in a variety of ways. Many noted that it was particularly helpful to receive a private sector perspective on commercialisation as this had allowed them to further consider how this could be developed in a council context when planning the delivery of services for local communities. Aligned with this, many respondents noted that the training they received had given them a more comprehensive understanding of the key issues to be considered when starting a trading company. These included issues relating to governance and the legal framework within which they work. Assessing the benefits and challenges of starting a trading company, challenging whether this was necessarily the most appropriate course of action and taking an evidence-based approach prior to decision making were also perceived to be as a result of attending the training. It was evident that the pilot course participants also brought with them a wealth of knowledge and experience and that at times the course covered aspects of commerciality that they were already aware of. This was not seen as a negative feature of the training, but rather the course served as a valuable refresher which had helped to reinforce existing knowledge. Others mentioned that they had found the range of tools and reference materials given to them very useful and that these had provided them with new information and made them feel more confident in their approach. Linked to this was that respondents noted that the course materials continued to be a useful reference resource to them.

Commercial activity income generation

Participants were asked to provide an overview of the monetary value of the commercial activities in which their council was currently engaged. In most instances some degree of income generation was reported. It is difficult to extrapolate from this the direct impact that participation in the pilot training had in terms of monetary value, but respondents did note that the training had proved invaluable in that it had provided them with both the strategic and operational knowledge that supported them in developing both an initial business case and how to move forward from this once the council(s) had agreed to progress commercialisation.

Where examples were given these included;

- A commercial property venture at an initial value of £25m for the first phase. The total value of the venture will be £75m and this should generate an annual income of around £500,000
- A bus company (which is 80 per cent owned) and produces an annual income of around £500,000
- Around £10 million per annum from a combination of interest from property investment, interest from loans to housing associations and back office services (such as cleaning, HR, finance, payroll and training) sold to schools
- Trade waste recycling generating an annual return of round £350,000 and a cesspool service which has generated £30,000 in the first six months of operation
- A joint venture that originally delivered waste services that has diversified and grown into delivering other services such as an MOT station and the provision of facilities management services. Income has been generated in the first year of this venture and specific contracts are providing savings and have achieved around £250,000 of new income in the first twelve month period.
- Rolling out a further recycling scheme into which the council provided £5m of investment for their commercial waste partner. To date, £120,000 has been generated from this investment for council funds. This has generated income to re-invest in services but also generated benefits to corporate priorities and added social value.
- The completion of a commercial spa that has provided the funds to pay for the development of a public swimming pool that otherwise could not have been funded. There was also felt to be a value that transcended the financial as the facility was providing for those members of the community who would be unable to cover the costs of attending a private pool or spa.

Council activity resulting from the training

A majority of respondents said that as a result of the training they were now taking a more commercial approach to their work. They noted that whilst it was the elected members that made the ultimate decisions on whether the council should become more commercial, the experiences that they had gained on the training had provided them with the knowledge and context that was required when developing a range of options for consideration. More specifically, one authority had established a

commercialism programme board made up of senior officers as part of their transformation work. Another said that now rather than seeking a high volume of commercial ventures their council was focusing on a smaller number of projects that would likely make a greater financial impact. The senior officer noted that the skills and knowledge that they had used to progress this approach were gained through the tools and techniques learnt on the course. Another respondent highlighted that there had not been a corporate understanding of what was meant by commercialisation in the local government context and that as a result of conversations following the course, there was a greater corporate understanding of, as well as more positive attitudes towards, commercial activities.

Other comments highlighted how training participants now had:

- greater understanding of the practical and legal issues associated with setting up a local government trading company
- councils taking a more consistent approach to commercialisation
- senior management teams now making more informed decisions around commercialisation projects and higher quality business cases
- officers now regularly using more commercial language; and
- councils becoming less risk averse and more open to ideas around potential commercial ventures.

Innovative practice

Some authorities were unable to identify examples of innovative practice specifically as a result of the course as the perception was that the training had certainly had an impact on the general ethos and approach within the council but a causal link was difficult to readily identify. Where there was felt to be identifiable impact on practice this included:

- council wide development of a staff commerce programme in order to further drive the commercialism programme widely through the organisation and help to encourage a new approach
- the use of course materials when working with elected members around encouraging more strategic thinking around the possibilities of a commercial approach

- Councils considering selling traded services not only within, for example, the schools/education sector but also into the private sector. This approach was felt to be as a direct result of the training
- A council setting up a joint venture and being willing to take greater risks and operating at a higher risk threshold; and
- the running of more robust pro-commercialisation marketing campaigns.

Recommendations for improving the training

Respondents were very positive about the course and their experiences of it. There had been an opportunity for them to feed back when they completed the training and many had taken this opportunity. This said, a number of recommendations were made for future course provision. These included:

- the possibility of either compressing the course length from the current 12 days
- running the governance module for two rather than three days
- providing a course for elected members. It was felt appropriate that there were separate courses for officers and elected members, so having a course with both on was not felt to be suitable
- tailoring the financial module to include the financial and legal arrangements relating to local government companies (as opposed to private companies as the context in which they operate is different)
- more activity focused on procurement for local government wholly owned companies; and
- a greater focus on marketing commercial approaches both within and outwith the council.

Additional comments

All respondents were highly positive about the training, noting that it was of an excellent quality, valuable, well-constructed and that they would recommend it to colleagues. Having an exam element was described as adding gravitas to the course and as being beneficial for personal development. In addition, the opportunity to

interact with colleagues from other councils from different parts of the country and to share examples of work and projects was highly valued by participants both whilst on the course and after as some had developed links and networks with other course participants.



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