

Workshop E - Commercialisation

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COMMERCIALISATION IN LOCAL GOVERNMENT

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What is Commercialisation ?

- In the private sector, Commercialisation is the *management of something with the primary purpose of delivering a financial return.*
- In the public sector, Commercialisation will ordinarily reflect *social impact and policy objectives in addition to financial return.*
- In a local government context it can apply to individual or groups of services but NOT the whole council...some local government services are not suitable for commercialisation.
- A Commercialisation programme requires a 'political will' to implement, as it may require an increase in fees and charges combined with making investments at risk to achieve a return.

Things to consider...

- **Local context** : what works for a large metropolitan authority may not be suitable for a small district council.
- **Capabilities** : does the council have the staff who are already commercially minded, or are capable of developing that capacity (LGA masterclasses, Essex CC offer).
- **Current position** : do you know whether any of your service areas are currently being managed in a commercial way?
- **Why might you do this?** Policy or Profit ?
Social Impact or Financial Return?
- **Risk appetite** : not every authority is prepared to risk scarce resources.
- **Governance and Scrutiny** are vital.

Key Questions to ask...

- 1. Why might your Council adopt a more commercial approach?**
- 2. Is there political and senior management support for this?**
- 3. Have you developed a Commercial Strategy? ...most Councils haven't.**
- 4. Will you prioritise policy delivery or financial return (or both)?**
- 5. What is your authority good at now?**
- 6. What is your Council's current level of commercial acumen?**
- 7. When is your next election?!**

Potential Opportunities

- **Commercial property**
- Investing in and/or out of your area?
- Spread of risk
- Financial return or regeneration?

- **New opportunities**
- Energy company
- Selling your services
- Sale of unused I.P. addresses (Essex)

Potential Opportunities contd.

- **Fees and Charges**

- Do you fully understand your existing arrangements?
- What do you currently charge?
- Does it currently recover cost?
- What more could you charge/what would the market stand?
- Could you deliver it more efficiently?
- Could you increase volume as an alternative to raising charge rates?
- Could you introduce variable charging?

Commercialisation in Cornwall

- £600m, 10 year capital investment fund (DevCo)
- Corcare (social care)
- Neighbourhoods and Public Protection - £2M income/annum
- Positive Parking - work in progress!
- Kernow Solar Park at Newquay Airport
- CORMAC, including J.V. with Nottinghamshire CC ...
- Greenwich Leisure Limited
- Devolution Programme

Commercialisation elsewhere...

- Essex County Council's Traded Services.
- Enterprising Warrington – the Borough Council's Commercial Strategy to 2020.
- Property investment by Eastbourne BC, including collaboration with neighbouring councils.
- Thameswey Energy Ltd – Woking BC.
- Commercial waste services at Nottingham City Council.

Examples from the sector and questions to be mindful of.

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Some areas to think about when considering commercial activity...

Leadership

Financial
strategy, planning
and forecasting

Decision making

Partnership and
Innovation

Outcomes

What does good governance look like for commercial projects?

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What does good governance look like for commercial projects?

Question: what approach does your council take to governance and have you got the balance right?

LGA support for commercialisation

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Find out more about LGA support:

<https://www.local.gov.uk/commercialisation>

Commercialisation

Bringing together guidance, case studies and our support offer for councils on the increasingly important area of income generation.

As funding shrinks exploring new ways to maximise incomes is essential. In order to protect valuable frontline services and ensure positive outcomes for local communities councils are increasingly thinking through a more commercial approach to their activities.

These innovative councils are using their assets wisely, trading services with others across the public and private sectors, and selling commodities to generate income.

Enterprising councils: supporting councils' income generation activity

This practical guidance aims to assist councils to turn their commercial plans into reality.

In this section:

Commercial skills procurement solution (CSPS)

The LGA's commercial skills procurement solution (CSPS), in partnership with YPO, provides councils with a bespoke solution to finding the right people.

Commercial skills training for senior officers

The LGA has developed a training course to enhance council officers' skills to undertake commercial activities.

Commercial skills masterclass for councillors

New dates available for 2018/19 in Cambridge, Leeds and Winchester.

Contract management

The LGA has previously worked with the Audit Commission to look at the arrangements a number of different councils (including districts, counties and unitaries) have in place to manage their contracts more effectively and the benefits they have gained as a result.

The Advanced Commercialisation Group

Set up in 2015, the ACG is a forum for councils already advanced in their thinking to discuss their approaches to commercialisation.

Commercial experts

The LGA has recruited a 'pool' of experts who will work with your organisation to help you achieve your goals, delivering efficiency savings or income

Commercialisation: best practice map

Councils are increasingly undertaking commercial activities. Use our interactive map to learn about good practice in this area.

Thank you
