



MJ Local Government Achievement Awards 2014

Workforce Transformation

The Commercialism Programme – Transforming Nottingham’s Workforce

Summary

Nottingham's ambitious and innovative Commercialism Programme is one of our key responses to reductions in funding and the challenging social and economic landscape. Commercialism, which is embedding a business-like approach in our workforce, impacts on every part of our business and in the last financial year generated in **excess of £4m** in increased revenue and achieved significant cost reductions.

The Programme is:

- Empowering colleagues to take business-like decisions, managed risks and seize new opportunities;
- Engaging with employees, using a systematic approach, leading them through the change;
- Pushing service boundaries, encouraging innovation and optimising our assets to generate income and reduce cost;
- Constantly learning, to refine the tools, training and advice given, as well as to prioritise future programme activity;
- Increasing confidence and ability to deliver services that deliver better value for money than our competitors, whilst meeting customers’ needs; and
- Identifying and tackling barriers to commercial activity.

Context and Strategy

Nottingham City Council (NCC), like other city local authorities, has faced unprecedented Government funding reductions, which have created significant pressures on budgets and services. To enable us to continue to sustain and deliver the range and quality of services required by our citizens we have embedded a positive and proactive approach within our workforce to generate additional income and reduce costs.

The Commercialism Programme is transforming our approach by applying a commercial lens to service design, management and decision making. This has led to us empowering managers and colleagues to invest in services, enabling them to achieve their potential, creating commercially focussed roles within services, to challenging and improving service delivery, and creating a support service model that is responsive to opportunities for growth.



Nottingham has developed our own 'Commercialism Matrix' (Appendix A) which recognises that all services can be more commercial in the way they work. All those involved in service delivery have been challenged, equipped and supported in adopting a business-like approach to decision taking and risk management.

Leading the Transformation

The Programme is sponsored by the Deputy Leader of the Council and led by the Deputy Chief Executive, providing clear direction, consistent focus and effective leadership. This leadership has enabled colleagues to shape services in to more commercial, customer focussed delivery models.

Certain directors have taken up the mantle of 'Commercial Champions' and have used their departments as forerunners and beacons of commercial activity, including the Corporate Director for Resources and Directors for Neighbourhoods Services, Sport, Culture and Parks, Finance and HR.

Embedding Engagement in Behavioural Change

A clear vision and definition of commercialism has been developed, agreed and communicated to colleagues, which is "*... the process of considering everything we do as a Council in a more business-like way. This ranges from trading services as a commercial business to taking a more business-like approach to processes and budget planning.*" Colleagues understand that taking a more commercial approach will '*protect services and jobs*', which has provided a catalyst for positive engagement with the Programme.

The importance of engaging with and supporting colleagues through a cultural transformation has driven Programme activity. Recognising that a 'one size fits all' approach will not achieve the change required; a systematic programme of 'cultural analysis' has been delivered, identifying commercial strengths and areas for development across the Council. The systematic approach has enabled us to tailor the engagement and interventions targeted at each team, to ensure that tools are being used most effectively.

The comprehensive approach to engagement has enabled a range of tools to be developed and refined, which include: communication from senior managers, provision of self service tools, a training programme, commercialism support service roadshows, commercialism clinics, an intranet site, induction training for new colleagues, presentations at team meetings, mentoring, coaching and opportunities for managers and colleagues to express barriers to commercialism.

The engagement approach has been extremely successful, with the intranet site (containing tools, colleague stories and frequently asked questions) being utilised by **over 700** colleagues and **200 managers** attending the commercialism training sessions, with other tools being accessed on a regular basis.

A cornerstone of the engagement strategy has been to use colleague to colleague experiences to inspire and support other individuals to apply the principles of commercialism. A popular engagement tool is a video to engage colleagues with the Commercialism (formerly called Commercialisation) agenda, which is available to view at



<http://youtu.be/A9eVD5zcDJw>. Other engagement case studies, which are available on our intranet site are in Appendix B.

An integrated approach is being taken by the Programme focussing on:

1. Embedding a commercial culture
2. Systems and support services that support commercialism
3. Implementing pilot projects and learning lessons

The structured approach taken enables these three strands to reinforce each other by clear communication, application of lessons and sharing of successes to drive a high pace of change across the organisation.

Innovation in the Workforce

The successful engagement has resulted in a culture of innovation, with a raft of commercial ideas being developed and delivered by colleagues for their own services, which have resulted in efficiencies being created and income being generated. Some of the many examples of services innovating include:

1. **Parking Enforcement Service** - developing a range of complimentary enforcement services for other local authorities and generating over **£0.3m** pa income;
2. **Leisure Services** - embedding new tools and techniques to drive usage of the leisure programme, resulting in a 38% year on year increase in customers using the programme and an increase in income of **£0.2m** pa; and
3. **Civic, Coronial and Celebratory services** - who responded to a change in legislation by developing a range of new services, including a 'premium' certificate service and a 'change of name' service – generating **£0.1m** pa in additional income and improving customer satisfaction.

A Flexible, Productive, Outcome Focussed Workforce

The Commercialism Programme has ensured that we take a joined up approach to achieving the outcomes required for the City, with a flexible workforce underpinning our approach. The table below illustrates some examples of the workforce working flexibly to achieving our aims:

Outcomes Required	Solution	How Achieved	Impact
Fully integrated enforcement and community safety teams	Transfer of external Parking Enforcement Service in-house	- TUPE transfer in-house	Increase in number of uniformed Community Protection colleagues on street by 45%
Greater NCC presence on streets of Nottingham		- New NCC, community focused 'capable guardian' roles, with uniformed NCC officers on the streets	Reduction in crime and anti social behaviour by over 12% (All crime recorded by Police 2011 to 2012)
Improved quality - reduction in number of successfully appealed parking tickets		- Cultural and skills training for officers - Integrated quality processes in place	Reduction in appealed tickets due to officer error by 65% in year 1 of operations



<p>Generation of increased income to use spare capacity in fleet maintenance services</p> <p>Reduction in proportion of reactive fleet maintenance to increase reliability and resilience of fleet</p>	<p>Delivery of vehicle Maintenance Nottinghamshire Fire and Rescue Service (NFRS)/ Nottingham City Homes (NCH)</p>	<ul style="list-style-type: none"> - Transfer of staff from NFRS and NCH into NCC workshop - Transfer of some staff on to NCC contracts and others remaining on existing T&C's - Management of unions/colleagues to implement successful partnership 	<p>Increased income of £0.45m pa</p> <p>Increase of productivity, resulting in proportion of reactive fleet maintenance reducing from more than 50% to 30%, increasing vehicle reliability</p>
<p>Deliver more efficient, cost effective transactional Finance and HR services.</p> <p>Generate income through a shared service platform</p> <p>Embed 'self service' ways of working in colleagues</p> <p>Replace end of life Finance, HR and Payroll systems.</p>	<p>Implementation of Shared Services with Leicestershire County Council (LCC), to provide an integrated Finance, HR and Payroll on new platform</p>	<ul style="list-style-type: none"> - Creation of East Midlands Shared Service (EMSS) organisation - Transfer of colleagues to new organisation - Business change programme to embed 'self service' at NCC 	<p>Net cost reductions of £1.0m pa for LCC and NCC</p> <p>Platform to generate increased income through incorporating other organisations</p> <p>New, modern, integrated, fit for purpose Finance, HR and Payroll system in place at NCC.</p>

A Can Do Culture – Commercialism in Action

Nottingham has taken a staged approach to the roll out of the Commercialism Programme, phase 1 has involved a number of pilot areas – which has resulted in lessons being identified, learned and communicated across the organisation.

One of the forerunners for commercial activity has been the Neighbourhood Services department, which has embedded a commercial culture, structure and approach. Led by the Director of Neighbourhood Services, colleagues within the department (which includes services such as Commercial Waste, skip hire, building cleaning, grounds maintenance, neighbourhood management and energy service) have been empowered to take opportunities to improve their services and generate new business.

Colleagues and leaders within Neighbourhood Services have undertaken a critical challenge of their own services, using key performance indicator metrics and external reviews, to understand strengths and to identify areas for improvement and efficiency, to enable them to operate in competitive markets. The approach has enabled our services to meet customer need and improve satisfaction, deliver cost effectively and to grow within their markets – resulting in increased income of **£3.6m** being generated and further opportunities to increase their customer base being identified and pursued.

The commercial approach and positive culture has been rolled out more widely across the organisation, with lessons learned and embedded. Some other examples of commercialism in action include:



1. Client management approach embedded within **contract car parking**; a flexible approach to meeting clients' needs, enabling colleagues to adapt our offer and negotiate to sell packages tailored to customer requirements – resulting in additional income of over **£1.5m** per year;
2. **Royal Centre** - a focussed business approach at this Council owned theatre and concert hall, thereby producing a range of more commercially viable events, leading to an annual net cost reduction of **£0.5m** and advancing an ambitious partnership self financing a capital investment programme of c£10m over the next 5 years;
3. Transforming **Insurance**, embedding a risk balanced culture amongst colleagues, enabling a change in approach to insurance premiums and the in-sourcing of claims management, supporting a real-terms annual reduction in costs of over **£0.4m**; and
4. Delivery of fleet maintenance for **Rushcliffe Borough Council** - with an annual contract value estimated at approximately **£0.4m** and an agreement forming the basis of opportunities for further development of the partnership.

Joined Up Working with a Customer Focus

A key element of the Commercialism programme is embedding a customer focussed approach to service delivery, which chimes with a key objective of the Council to put the 'Citizen at the Heart' of all we do. Working with sister programmes, commercialism has embedded a greater customer focus within our workforce, leading to an increase in Citizen Satisfaction (from 2012 to 2013):

- of **66% to 72%** of citizens being happy with how we run things; and
- of **68% to 73%** on delivering what we promise to our customers.

The focus on customers has led to NCC developing an 'Account Management' approach to corporate and commercial customers, which is enabling us to better understand and manage customer requirements and concerns, deliver flexible, responsive services that meet customer need and ensure that customers are aware of the range and quality of services that we provide. In its first year, this approach has led to:

- a reduction in customers choosing to stop receiving services from the organisation by 10%;
- an increase by 15% in customers accessing other Council services; and
- an increase by 50% in number of queries being answered at the first point of access.

The commercialism has supported a transformation of the way in which NCC approaches service delivery, to support a planned approach, responding to customer and citizen demand. To support this, a range of tools have been developed to assist services in analysing and understanding threats and opportunities within their market and to review and refine the services that are provided to best meet customer need. The evidenced based, market approach has been embedded within our business planning approach. Some of the tools developed are attached in Appendix C.



National Recognition

Our successes in embedding a commercial approach have led to us being seen as leaders in commercialism nationally, resulting in requests to share our good practice with others, including via the Association of Public Service Excellence (presentation attached in Appendix D)

The Future

The Commercialism Programme is an ever increasing priority within the Council, with our proposed new operating model including a Strategic Director for Commercialism, who will be responsible for continuing to drive forward a commercial approach and culture across the organisation. The approach will continue to improve service delivery, unlock savings and to embrace innovation.

Nottingham is also exploring opportunities to develop groundbreaking partnerships with other organisations to embed the commercial approach across other public services in the region.

The Commercialism Programme will continue to unlock net cost reductions across NCC and is on track to deliver an additional **£11.945m pa** in net expenditure reductions, with more savings and service improvements being delivered in-directly.

Contents of Appendices

Appendix A – **Nottingham City Council Commercialism Matrix** – demonstrating the whole Council approach to Commercialism

Appendix B – **Sample of Commercialism in Action ‘Engagement Case Studies’ that feature on the Commercialism Programme intranet site** – an example of some of the colleague engagement material

Appendix C – **Commercialism Toolkit** – An example of one of the tools available to support colleagues in embedding commercialism (linked tools available on request)

Appendix D – **Nottingham City Council Presentation to Association of Public Service Excellence on ‘Bringing a Commercial Perspective to Public Sector Management’**

Additional Attachment – **Commercialisation Video – (former name of Commercialism)** <http://youtu.be/A9eVD5zcDJw> - please click on link - engagement video to demonstrate successes of Commercialism and inspire people to think commercially

Nottingham City Council - Commercialism Matrix

**Mature
Market**

“COMMISSIONING” APPROACH
Demonstrate Best Value
Intelligent Client
Balance between ROSI & ROI

“BUSINESS” APPROACH
Return on Investment (ROI)
Medium Term business planning
Retained ‘Profits’ model
“Profit & Loss” account
Alternative delivery models

**No
Market**

“SERVICE” APPROACH
Demonstrate Best Value
Clearly defined subsidies
Emphasis on Cost Control
Return on Social Investment (ROSI)
Develop Market

MARKET DEVELOPMENT APPROACH
Return on Investment (ROI)
Medium Term business planning
Retained ‘Profits’ model
“P&L” account
Alternative delivery models
Opportunity for Growth

Highly regulated

Unregulated

COMMERCIALISM - APPLICABLE ACROSS WHOLE COUNCIL



Engagement Case Studies

The Case Studies below are an example of some of the engagement material used on our Commercialism Programme intranet site under the section 'Commercialism in Action'.

Jane's Story

Risk and Insurance Management



'My ambition was to develop an efficient Insurance and Risk Management Team, with a national reputation for excellence in the professional market and to save £1m over 3 years.'

'The Insurance and Risk Management team had issues with performance, creating a poor reputation and a perception that we were well behind other core cities in the move to 'self insure'. Our claims handling process was taking 9 months longer than it should and we were incurring significant costs. The previous approach epitomised a risk averse, process driven approach and it was clear that if we didn't change the service could not survive.'

'I saw the opportunity for positive change and sold the new approach to my Director and Head of Service. Their unwavering support in both understanding the need for change and the reality of some of the challenges we would face were critical to our success. They also backed the approach with resources, recognising that new staff, systems, culture and training was needed and it required investment.'

'Implementing the change was not plain sailing; some members of my team proactively resisted the new approach, feeling that they couldn't work in the new 'more risky and fast paced' environment. Ultimately those that couldn't buy-in to the vision for the service left the team and I recruited people with the skills and attitude required for a commercially focussed approach.'

'We have successfully embedded the new way of working, reducing our external premium payments by more than 85% and saving money on every policy. Our systems are responsive and minimise the cost and we have developed a strong reputation within the industry - we were recently shortlisted for a national award. The team has reaped the benefits too, morale is high and there are multiple opportunities for personal development. I am particularly pleased to see colleagues gaining confidence and taking responsibility in decision making - this has been reflected with multiple nominations for GEM Awards.'

'However, we can not rest on our laurels. We keep looking for new opportunities to drive the team forward, reduce costs and improve performance and I encourage my team members to network with other industry professionals at events and conferences and to keep abreast of developments - feeding back ways in which we can further improve. Life in our new world is hard and we work in a pressurised environment, but it is rewarding and we keep striving to be the best we can be to serve the Council and the citizens of Nottingham.'

Lucy's Story

Head of Civic, Coronial and Celebratory Services



'My goal for our service is that we are constantly at the forefront of development and activity within our market.'

'The General Register Office began a process of devolving responsibilities and powers to districts - changing the market we operate in and providing us with an opportunity to be more creative in our approach to delivery of services and pricing. We were front runners in adopting and embedding this way of working and have operated an innovative, business orientated, commercial ethos ever since.'

'There are many individual examples of how we have developed opportunities, including offering a 'premium' certificate service and creating a new 'change of name service' - both of these have provided an income for the Council and have been very popular with customers.'

'My Director has allowed me to try new ventures and supported our service in doing so, enabling us to increase our appetite for risk. We are now prepared to adopt a 'suck it and see' approach to new initiatives and are honest with ourselves about their success, tweaking and changing ideas that aren't working - and learning lessons for the future. Our approach is to try it small, if it works try it bigger!'

'Alongside the support of my Director, the commitment and flexibility of colleagues within the service has been key to our success - they have had to be open to change, learn new skills and be prepared to get their hands dirty when required. Developing a culture of individual commitment to the team has been critical. Colleagues have also benefited significantly, with opportunities to learn a range of new skills, the positive outcome of our approach has protected the service from redundancies.'

'I aim to continue to drive the business forward, seeking further potential to develop new and existing opportunities and I am looking to bring business development skills to the team. We do a lot of benchmarking, so we know our competition and their strengths and weaknesses. We use this to our advantage as we look to move forward.'

Adrian and Andrew's Story

Name: Adrian Hill - **Role:** Head of Commercial Services

Name: Andrew Beighton - **Role:** Commercial Account Manager

'My goal for each of my services is that they are the market leaders within Nottingham.'

'I head a range of services, all of which operate in competitive markets within the local area. I believe that with the infrastructure, brand and skills that we have as a Council that all of those services can, and should be, at the top of their local market. It is a realistic goal, but a challenging one!'

'One example of successfully implementing commercial thinking is in the skip hire service, which has been led by Andrew Beighton - the Commercial account manager. We were operating this service to both domestic and commercial customers and losing money with each skip we were hiring out (we had benchmarked our prices against private sector competitors). There was, understandably, a lot of pressure from senior figures, who couldn't understand why we were unable to bring our costs down and enable us to turn the loss in to a surplus.'

'We conducted a thorough review of the service and concluded that due to the technology that our competitors had access to, we could not reduce our costs to the desired level. At this stage it would have been very easy to admit defeat - however, I was (and still am) supported by an empowering and ambitious Director, who shared my desire not to take 'no' for an answer.'

'As a next step we undertook a detailed market analysis. This indicated that our brand was exceptionally strong. Our customers told us that they had confidence that the Council delivered a high quality service and that we would treat waste in line with the best practice. Our customers also told us that this confidence was worth a lot to them and that they were willing to pay slightly more for the quality of service that we provide.'

'Based on our research we made a decision to focus on commercial customers (although we still provide a domestic service), which has been tremendously successful - enabling us to achieve our market leader goal. We employ colleagues who focus on developing current and future business and are constantly seeking ways to improve the quality of our service to ensure that we maintain and enhance our positive position in the market.'

'It has been a real story of success for us and one which we use to learn from, inspire and motivate us as we seek to achieve similar outcomes for all of our services.'

Lesley's Story

Creating a tool to areas that need improvement.

Name: Lesley Taylor

Role: Funding and Capacity Officer, Sports, Leisure and Parks



'One of my goals is to maximise the usage and cost effectiveness of all of our leisure centres and I promote innovative methods to achieve the aim.'

'My role includes understanding and improving the attendance at leisure centres and driving us to use our facilities to greater capacity. Previously we had quite complex and difficult to interpret methods of understanding what was and wasn't working for us. To enable us to monitor our performance more effectively we identified that a City wide dashboard was required to highlight key performance indicators for some income generating areas of the service. I worked collaboratively with the Leisure Centre teams to produce a 'Capacity Management Tool,' which the Head of Service fully supported. The dashboard uses a traffic light system, highlighting areas which need improvement, as well as areas that are working well.'

'The Business Development team now use this tool to work with the centre managers and front line staff to assess and understand the performance of each leisure centre, the popularity of activities taking place and also to plan future developments, making evidenced based decisions on what to do next.'

'All of the sites performances can be seen on one dashboard which has also sparked a really healthy level of competition between centre managers, assistant managers and front line colleagues. This competitive element has really helped engage all of our team in a drive to 'be the best', continuing to improve and not to stand still.'

'As a service, the drive to be the best has helped us improve our performance, and improve our overall competitiveness - supporting continual improvements in our delivery of services to customers and increasing income generation.'

Nottingham Swim School introduced a direct debit system in January. The capacity management tool was implemented for Nottingham Swim School in April and since then occupancy of the swim sessions has increased from 85% to 88%. The Swim School itself has grown 22% across the city and there is now an additional 630 participants, the number of participants on direct debits increased from 80% to 85%. The tool has allowed us to evaluate and monitor the impact of the introduction of direct debits as well as motivating sites to drive performance in this area.

Commercialism Toolkit

This toolkit provides a standard framework for assessing the business viability of a service area. It will assist in working out the costs and benefits associated with the service area's activities.

The purpose of this toolkit is to provide a standard framework for assessing the 'business viability' of a service area. The reduction in public sector resources has made councils across the country think as never before how and why they are providing services and the most appropriate ways to fund those services. The concept of commercialism is to ensure the Council thinks consistently in a business-like manner and to very clearly work out costs and benefits associated with the activities it carries out.

Some service areas will charge for their services and where this is the case we need to make sure that the implications of the price we have charged is the most appropriate one. This should consider the impact that this price has not just on the service under review, but also on the other services provided by the Council as well as the impact on the Council's aims and objectives.

Even where a service is not charged for, the costs and benefits of the service should be clearly measured, with a clear distinction between required (statutory) elements and any discretionary or additional parts. As for charged services, the impact of providing more or less of a service on other service areas should be considered.

The intention is for this assessment to help with the business planning process, primarily with the development of the business case for any associated strategic choices.

Stage 1 Define Scope

Purpose

To determine exactly what goods and services fall within the area to be reviewed and to make an initial estimate of the resources and timescale required to carry out the review.

Approach

Generally this is a relatively quick and straightforward element of a review, with an initial discussion with the Head of Service / Service Manager and gathering any key documents that already exist.

If there are many areas of the service requiring investigation, it may not be possible to do them all at once. In these cases it may be beneficial to prioritise those with the most discretion on levels of service provided, or the highest level of income collected (with discretion over the prices) or any other 'biggest wins' in terms of where the biggest impact is likely to be made. In such cases, a longer term plan for covering the other areas will be required.

Steps

- i) Read & review the Strategic Service Plan for the area being considered
- ii) Analyse the budget for current year and budget & outturn for at least the previous 2 years (if not covered in the Strategic Service Plan)
- iii) [Meet with the Head of Service / Service Manager & linked accountant](#)
- iv) [Consider the legislative position with regard to charging in this service area](#)
- v) [Consider where services sit on the commercialism matrix](#)

Aim / Output from Stage

The key aim from this stage is to consider which quadrant of the commercialism matrix a service sits.

Commercialism Matrix

Level of external competition	Significant	<p>Cost / benefit analysis</p> <p>Specialise or regulate?</p>	<p>Recover full costs / generate 'profit'</p>
	Minimal	<p>Comparative cost and performance</p>	<p>Cost / benefit analysis</p>
		High	Low
Level of regulation			

In addition this initial work will help to gauge the range of goods and services provided, what drives costs, the degree of discretion over pricing and the amount of analysis work undertaken to date. This will inform the length of time required for the remainder of the review and what additional data will be required. The scope should be agreed, including whether there are reasons why a particular good / service should be excluded (perhaps because of statutory requirements or of a Councillor commitment for a service to be free at point of service). The degree to which joint working, outsourcing or selling services wider than the Council has been considered to date, should also be assessed.

Lessons Learnt

There is always a balance to be struck between the cost and benefits of providing public services. There are likely to be wider considerations than just lowest cost, highest profit (or lowest subsidy) and these need to be included into the overall consideration of the best way forward.

Case Study

The Council's Insurance Team reviewed the existing claims handling arrangements in 2009 and found that there were significant areas of

weakness requiring action and performance outcomes were poor. Further, it was found that operational risk management was ineffective and inadequately linked to insured and uninsured risk. Claims were also costing an estimated 30% more than they should have done.

A proposal was put forward to increase excesses, thus taking on more of the risk within the council and significantly reducing premium spend. It was also proposed that all claims handling be carried out in house, recruiting more qualified staff and a programme of risk management be launched, with the main objectives of achieving significant service improvements and achieving significant financial savings.

These proposals were put in place by embarking on a Transformation Programme in 2009. It was hoped that results would be achieved in three years. The results were a 64% reduction in insurance premiums and the majority of the improvements were successfully implemented in the first year, with a 40% reduction in the cost per claim. The operational risk management strategy, linked to claims handling, has produced a joined up and effective approach to managing key operational risks and also achieves the objective of reducing claims and driving down claims costs.

Stage 2 Gather & Analyse Data

Purpose

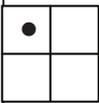
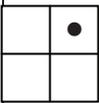
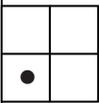
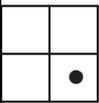
The purpose of this stage is to gather sufficient information about the goods and services provided to develop options for changing their prices, bring in further charges or cease to charge.

Approach

This will be dependent upon the complexity of the service area and the quantity and quality of relevant data already available, and which quadrant of the [commercialism](#) matrix the service area fits into.

Steps

The steps for analysis are going to be primarily determined according to the relevance of each form of analysis and the level of detail already held by the service area.

Measure	Quadrant			
				
Performance – measuring performance indicators Customer satisfaction / feedback analysis	✓	✓	✓	✓
Benchmarking Costs Standard costing (splitting between Labour, Materials & Overheads) / Activity costing / cost per unit	✓	✓	✓	✓
Sales – Volume & Trend Analysis Identifying demand measures (eg demographics) Forecasting future market size	✓	✓	✓	✓
Investment appraisal Cost versus income Understanding cross-subsidies	✓	✓	✓	✓
Charging options Discount considerations (who, why, how much?) Product lifecycle analysis Sales and marketing analysis	✓	✓	?	?
Competitor Analysis including: Range of service comparison (product comparison) Price comparison	✓	✓	?	?
Measuring wider impact of service (cash & non-cash) including: Impact analysis – service impact on Council's strategic objectives Impact of early interventions – preventative benefits?	✓	?	?	✓
Potential for joint working / collaboration / bought in or sold services	?	?	✓	✓
Split of services between mandatory & discretionary (dependent upon the service(s) being analysed)	?	?	?	?

Key: ✓ Likely to be relevant ? Relevance dependent upon service

Where tools have been developed for the measures included in the table above, more pages are available that describe how to use the tool or that contain the tool itself, depending upon complexity. Some areas do not have guides as they are relatively self-explanatory (price comparison) or are so dependent upon the service area that any guide would be too broad to be helpful.

Aims / Output from Stage

The primary aims of this stage are to understand how much each service costs and compare the prices to these costs and to prices charged by others. At the same time it is important to understand the wider policy context and why prices may be charged at rates different to others. Gathering this information together will allow development of some options to be consulted upon.

Should costs be rising, while income and sales volume are falling, this could suggest the need for a wider review looking at the overall efficiency and effectiveness of the service.

Lessons Learnt

Planning the scope effectively in Stage 1 can help to contain the time and resources required in this stage. Project managing this formally can help keep the activity on track, as there is a risk that it can spiral and take far longer periods to complete otherwise.

Even services seen as traditional 'core' services of councils are being considered for collaborative or 'hosted' services.

Case Studies

Commercial and Transport Services recently won the contract to maintain 150 vehicles for Nottinghamshire Fire and Rescue Services and they also offer an MOT service for colleagues' own vehicles. Both of these initiatives bring in extra income for the Council.

Electoral Services introduced online refresher training for colleagues working on the Mayoral Referendum in 2012. This resulted in an estimated saving of £13,000 over face to face training. Following this success, the training was rolled out later that year to other Notts councils in preparation for the Police and Crime Commissioner election.

Stage 3 Option Appraisal

Purpose

To produce a recommendation on the levels of charges for goods and services. This will include several sub-stages: option identification, impact assessment and consultation.

Approach

This is likely to be a somewhat iterative process, where people's views and opinions may require additional research and analysis.

Steps

- i) [Stakeholder consultation](#)
- ii) [Assess impact](#) (including [Equality Impact Assessment](#)) – potential [optional weighting and assessment tool](#)
- iii) Project income and expenditure changes
- iv) Recommend changes (impact of change detailed in Strategic Choice)

Aims / Output from Stage

The primary aim of this stage is to get a recommended level of services, prices and method of delivery, with a full impact assessment carried out to justify any changes. The difference in the revised income and expenditure should be put forward as a Strategic Choice.

Case Study

Internal adult service provision – a detailed assessment of the internal provision detailed the level of expenditure and implicit subsidy in different individual services. This has enabled the development of a business case, setting forward the approach whereby services become purchased direct by citizens and the changing the focus primarily towards specialist and tailored services to the citizens with the highest need.

Stage 4 Review

Purpose

To assess whether the change in price(s) has had the intended effect upon the net cost of the service(s).

Approach

An assessment of sales and income achieved against those projected.

Steps

This will usually be carried out as part of the ongoing budget monitoring process, with perhaps extra scrutiny immediately after the change, so that the impact can be assessed against any forecast change. Corrective action may be required in-year if significant variance from budget is projected.

Significant variances will need to be analysed and may require a further pricing review / strategic choice submission. Any positive or negative non-cash impacts should also be assessed, along with impacts on other service areas or Council aims and objectives. Non-cash impacts are more difficult to measure (see [Measuring the wider impact of a service](#)).

Aims / Output from Stage

Hopefully this stage should demonstrate that the changes to prices are working as intended. However, if a change has unintended negative consequences, then this is the time to take corrective action.

Case Study

Off-site car parking

A review of [relative prices](#) and [usage figures](#) from central car parks, were used to develop [a report](#) including recommendations for differentiated pricing for different user groups and considering making Broadmarsh car park targeted towards longer stay. Recently an all-day commuter rate was agreed for Broadmarsh car park, which has helped to increase occupancy levels.

Bringing a Commercial Perspective to Public Sector Management

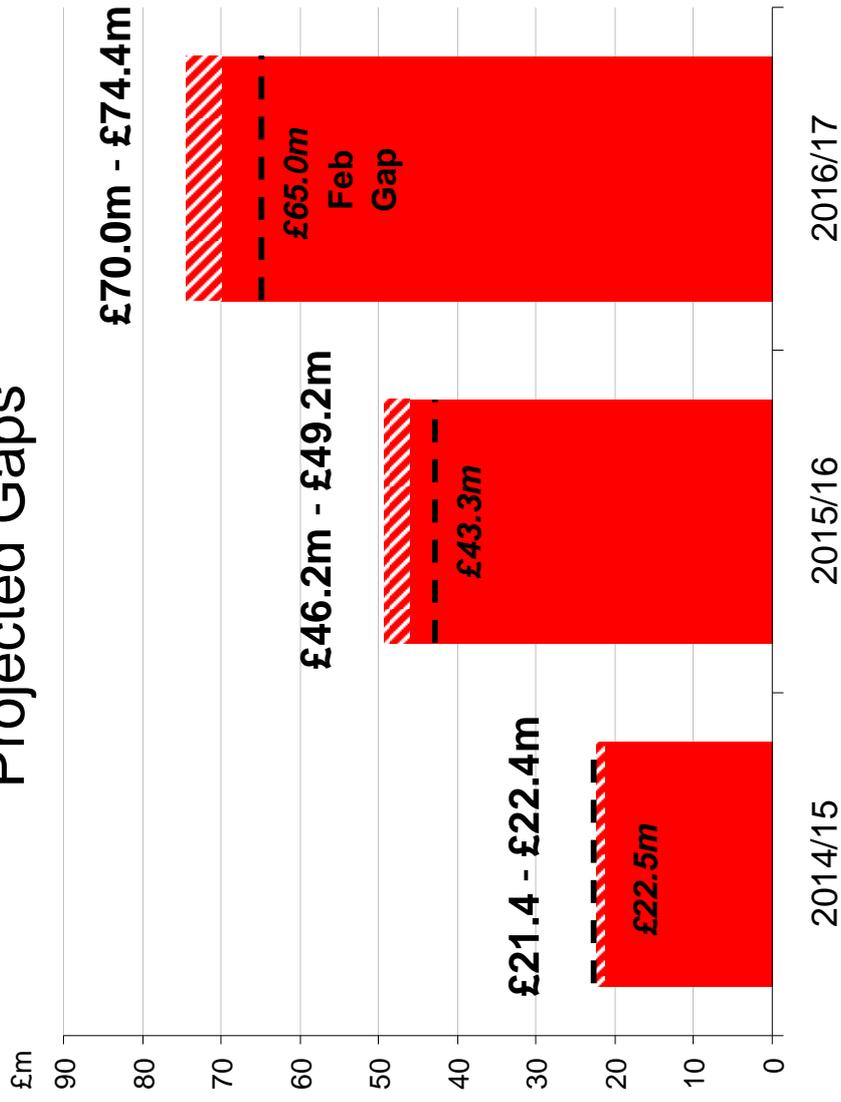
APSE – Liverpool – 5th September 2013



Nottingham
City Council

Why is commercialism important?

Projected Gaps



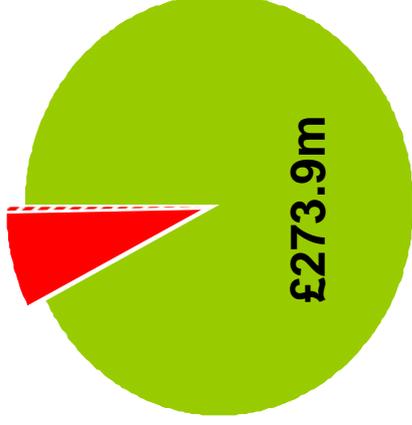
Why is commercialism important?

Relative size of gaps as a proportion of projected net budget

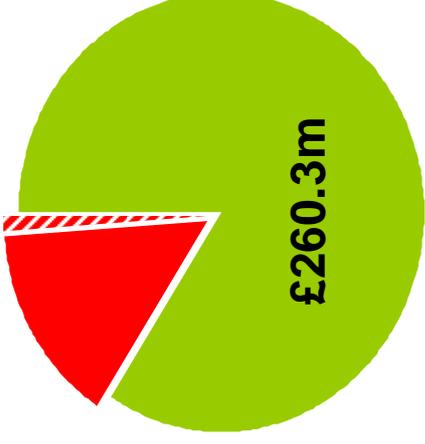
£21.4m - £22.4m

£46.2m - £49.2m

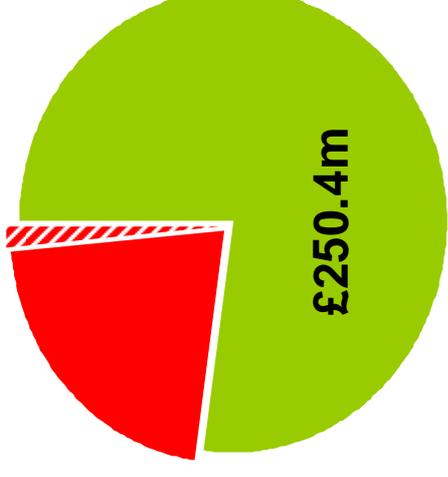
£70.0m - £74.4m



2014/15



2015/16

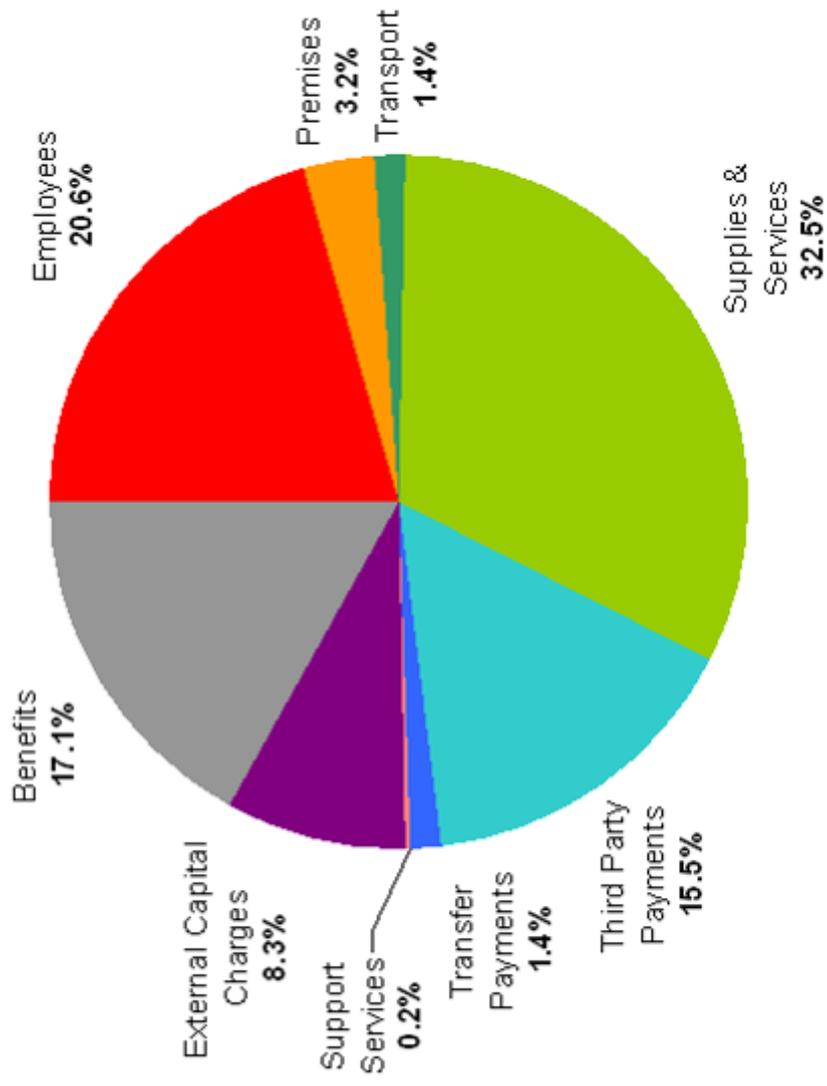


2016/17



Why is commercialism important?

2013/14 Gross Expenditure



What choices do we have?



OR

Trade ourselves out of the financial difficulties

- Nottingham's unique characteristics



Key Components of a Commercial Council

Leadership is a process
A leadership is the process of influencing, motivating and enabling others to contribute towards the achievement of organizational objectives.

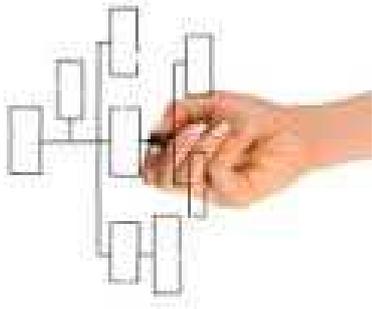


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What have we achieved so far



Where are we heading next, and how do we see the future



There is no 'Plan B'



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