

REPORT OF THE LEADER OF THE COUNCIL**COMMERCIAL DEVELOPMENT UNIT 2017****Purpose of the Report**

1. To seek approval for the next service areas to go through the commercial development programme in 2017 and to provide an update on the previous cohorts. As part of this agenda item, a presentation to members of Policy Committee about the workings of the Commercial Development Unit will be made by the Service Director of Communications, Marketing and Commercial Development.

Information and Advice

2. Policy Committee approved the Commercial Development Unit (CDU) in November 2016 following a successful pilot.
3. Since the pilot there have been two further cohorts (four services in total) that have gone through the unit. This report is seeking approval for the inclusion of three further service areas.

The Process

4. Services undergo an 8-week accelerated learning process that helps them build a full business case for their commercial idea. This is then scrutinised by a panel including the Chief Executive, the Monitoring Officer and the Section 151 officer. Policy Committee then make the final decision about whether to give the go-ahead for the any commercial plans that pass the due diligence stage.
5. Regular progress reports are taken to the relevant service committee while they are supported during the first 12 months of trading. Early interventions will be made where any services fail to meet income or cost projections.
6. The intention is to get as many services as possible to a position of zero cost or, ideally, to a position where they are returning an income to the authority which could be used to support other services.
7. Seed investment for commercial plans would come from an earmarked reserve of £0.5m in the Strategic Development Fund.

Outcome from Commercial Development Unit Cohort 1 Services

8. Two services, Brooke Farm and Procurement, were included in the previous cohort of the CDU.

9. Procurement withdrew towards the end of the process as it was clear that while it was possible to trade, the increased cost associated with this would cancel out any additional income. The decision to withdraw was viewed as a successful outcome as it avoided investing in a commercial plan that would have increased risk while not improving the financial position of the authority.
10. Brooke Farm presented their commercial plan to the panel, but it was felt that further work on the financial projections and investment was required before a recommendation could be made to members. Brooke Farm managers are currently developing their plans with a view to making another presentation in July.
11. A summary position of the services that have been through the CDU to date can be seen in table 1 below,

Table 1: Current position of services in the CDU

Cohort	Service	Status
Pilot	Education Improvement Service	Approved and currently trading in Q1
Pilot	Outdoor Education Service	Approved and currently trading in Q1
Pilot	Trading Standards Commercial Service	Approved and currently trading in Q1
Cohort 1	Brooke Farm	Return to assessment in July
Cohort 1	Procurement	Withdrew
Cohort 2	Catering & Facilities	Going through current cohort with assessment in July
Cohort 2	Document Services	Going through current cohort with assessment in July

Services recommended for inclusion in Commercial Development Unit Cohort 3

12. The next cohort for the CDU is due to start in September and the following services have been recommended following conversations between the service lead and the relevant Committee Chair:
 - **Registration** – This service already provides add on extras in addition to its statutory duties. Going through the CDU would enable them to look at maximising these as well as developing other commercial offers.
 - **Energy Services** – The potential of this type of service has been demonstrated by the numbers of other Authorities entering the market. Going through the CDU process would allow them to look at the market viability of commercialising their offer.
 - **County Supplies** – County supplies is already operating as a traded service supplying a vast catalogue of services / products to the County Council and its partners. Going through the CDU process will allow them to look at the long term viability of the service and potential business models.

Other Options Considered

13. Other service areas have come forward but were unable to satisfy the demanding resource commitment.

Reason/s for Recommendation/s

14. To support the Council's financial position by seeking to reduce the budget needed to run some valued services or, ideally, to return an income to the Council.

Statutory and Policy Implications

15. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

16. These are contained within the body of this report.

Equalities Implications

17. Equalities implications will be considered by each of the services as they develop their commercial plans.

RECOMMENDATION/S

It is recommended that Policy Committee approves that:

1. The following services are taken through the commercial development programme:
 - a. Registrations
 - b. Energy Services
 - c. County Supplies
2. A report is brought back to Policy Committee with an update on the trading activity of the services that have been through the CDU
3. The contents of the presentation to Policy Committee is noted

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Constitutional Comments [HD 09/06/17]

18. The recommendations within the report fall within the delegation to Policy Committee

Financial Comments [NS 09/06/17]

19. The financial implications are set out in the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Electoral Division(s) and Member(s) Affected

- All