

18 November 2019

Agenda Item: 7

REPORT OF THE SERVICE DIRECTOR, FINANCE, INFRASTRUCTURE AND IMPROVEMENT

COMMERCIAL STRATEGY UPDATE: EMBEDDING COMMERCIAL SKILLS AND DEVELOPING COMMERCIAL IDEAS

Purpose of the Report

1. The purpose of this report is to update the Committee on the progress against two of the work streams within the commercial strategy and for the Committee to comment and advise on further actions to be taken in relation to these work streams.

Information

2. The commercial strategy was approved by Policy Committee in December 2018.
3. The main aim of the commercial strategy is to deliver a financial return which contributes to the Council's financial position and help sustain the delivery of services to the residents and businesses of Nottinghamshire.
4. The commercial strategy sets out the scope of commercial activity which is split across several different work streams, these are:
 - Imbedding Commercial Skills
 - Development of Commercial Ideas
 - Reviewing Current Commercial Performance
 - Review of Pricing and Charging
 - Establishment of Alternative Service Delivery and Trading Entities
 - Effective Contract Management
 - Corporate Procurement and Commercial Financial Management
 - Property Investment
5. This report will focus on two of the above work streams; Imbedding Commercial Skills and Development of Commercial Ideas. With further reports to focus on the remaining work streams such as reviewing the performance of currently trading services and services that have already undertaken a commercial development process.

Imbedding Commercial Skills

6. Imbedding commercial skills is the most important element in delivering the commercial strategy. One of the key learnings from commercial development activity undertaken is that the level of commercial understanding and skills varies across the Council. In order to help improve the level of commercial understanding and skills commercial awareness has been added to the Council competency framework. The term commercial awareness is wide in scope but the definition being worked to is:
 - Commercial Awareness is the ability to understand the wider commercial operating environment, and the factors that effect it. And how the awareness of these factors and taking actions when they have been considered can benefit the individual, service and wider organisation
7. From January 2019 a half day Commercial Awareness Workshop has been offered as a part of the workforce development programme. This workshop is a half day introductory course that is aimed at staff who are unsure of the term 'Commercial Awareness', are looking to build on current understanding.
8. The course explores what the term commercial awareness means and the benefits to the individual, teams and the Council of being commercially aware.
9. Widely used analytical tools such as SWOT and PESTLE are used to expand the attendees understanding of commercial awareness. These tools are used to explore and debate a commercial case study. Participants will then try to apply commercial thinking to a piece of group work by coming up with their own commercial idea and then evaluate it with the tools.
10. All of the ideas that are generated from the workshop are fed back to the commercial Development Manager for initial analysis of their viability. Examples of the ideas that have been generated as part of the workshops are:
 - Open the NCC riverside cafe at the weekends for the public.
 - Use NCC car park for sporting events.
 - Bike hire from the NCC County Hall along the river.
 - Crèche at County Hall.
 - Use the country park school trip accommodation for breaks in the summer holidays.
 - Empty offices at County Hall to be used as a 'rent an office' space.
11. Some of these are already in place such as using the car park for sporting events and using some of our facilities for school trips. Others would be not be viable due to costs, but the viability of some ideas are currently being assessed. There have been four workshops so far with a total of 60 staff receiving the training and all future planned workshops are fully booked.
12. The feedback from participants on the workshop has been positive, although participants who already have some commercial experience have found the content to be too basic. But this is to be expected as the course is meant to be at an introductory level. Different types of advanced commercial training are currently being assessed as a step up from the commercial awareness workshop. The current preferred choice is the commercial

skills package used by the Civil Service as it addresses commercial skills within a public sector environment and its application is much wider than just traded services.

13. Services still have the option of undertaking the Commercial Development Process previously known as the CDU if they so wish, but this is really for well-formed commercial ideas or as a route to look to improve or expand currently trading services.
14. As a learning and development tool the Commercial Development process can be limited. Feedback from Services that undertook the Commercial Development Unit highlighted that the pace of the process made it difficult to develop a full understanding of the concepts and tools being taught during the masterclass sessions. Work is currently underway to develop the masterclass sessions and tools into an e-learning package so that services can study them at a pace that works for their teams. It will also help to spread the concepts and tools across a wider user base.
15. The first of these packages focusses on the tools to help assess the viability of a commercial idea. The focus being on how to assess the size of market and potential value, and how to access the market. This should help individuals and teams across the authority develop the skills and awareness to gauge the potential of an idea against the required resource to assess if further work is worth undertaking.

Development of Commercial Ideas

16. A range of commercial ideas are proposed across the council in order to generate income or enable savings. A key part of the process is to understand relatively quickly the potential of any idea so further work can be undertaken or work on the idea can be discontinued due to it not being viable.
17. A recent example of this work is an option for change put forward by the Children's Department. The commercial concept put forward was to utilise our outdoor education facilities and develop a commercial adventure care offer for high needs looked after children. After assessing the size and value of the market the data was clear that there was not enough value in the market and the high costs involved would most likely lead to a loss rather than generating surplus income. It would also have reduced the capacity within the outdoor education service leading to a loss of income.
18. Work was also undertaken to look at respite breaks for fostered children, again the market data indicated that it would be unlikely to generate any surplus income. But it is possible that it may create savings by avoiding placement breakdown.
19. The ICT Department builds and develops a wide range of technology solutions for use by services and residents. There is a cost of developing these but there are also a number of organisation that could also use the fully developed solutions. Work is due to commence to understand which solutions and markets offer the best opportunity. By selling these developments by licencing them we can recover the cost of development as well as generate ongoing income.
20. Other work has been also undertaken to further develop commercial ideas that are already underway. Examples of these includes pricing reviews for the Governor Services sold schools offer and Health & Safety Training.

21. Intensive ongoing support is being provided to the Brook Farm Agricultural Service in order to help launch their commercial proposition and coach staff who are new into post within the service. More detailed information relating to this and the performance of other services that have undertaken the commercial development process (CDU) will be provided in the next update report that focusses on the Current Commercial Performance Workstream.
22. A steady stream of commercial ideas to assess is required and there are several routes from which these can come such as Options for Change. But it is important that an idea not being developed further is seen as just as successful as an idea that is. By not pursuing commercial ideas that have a high a chance of failure or does not deliver against its commercial objectives saves resources that can be used elsewhere.
23. By continuing to focus on developing and imbedding commercial skills across the Council not only will we generate further commercial proposals, but also develop a commercial mindset that will help deliver those ideas successfully.

Other Options Considered

24. No other options have been considered.

Reason/s for Recommendation/s

25. To ensure members are aware of the activity related to the commercial strategy and comment and advise on the progress and advise on future activity.

Statutory and Policy Implications

26. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

1. That the update on the commercial strategy work streams is reviewed and this committee determine any further information required.
2. That the committee notes the progress made against these work streams of the commercial strategy and agree to receive further reports on the remaining work streams of the commercial strategy at subsequent committee meetings.

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Service Director Finance, Infrastructure & Improvement

For any enquiries about this report please contact: Mark Knight, Commercial Development Manager

Constitutional Comments (KK 06/11/2019)

The proposals in this report are within the remit of the Finance and Major Contracts Management Committee

Financial Comments (RWK 06/11/2019)

There are no specific financial implications arising directly from this 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.

None

Electoral Division(s) and Member(s) Affected

All