

23 April 2018**Agenda Item: 10****REPORT OF THE SERVICE DIRECTOR, COMMUNICATIONS, MARKETING
AND COMMERCIAL DEVELOPMENT****COMMERCIAL DEVELOPMENT UNIT: SERVICE OUTCOMES****Purpose of the Report**

1. To seek approval for the next steps for services in the fourth cohort of the Commercial Development Unit and to provide an update on the services that have successfully passed through the unit.

Information and Advice

2. Policy Committee approved two years' funding of the Commercial Development Unit in November 2016 following a successful pilot with three services (Education Improvement Service, Outdoor Education, Trading Standards).
3. Since the pilot six more services have entered the commercial development process (Procurement, Brooke Farm, Catering and Facilities Management, Document Services, Energy Services and County Supplies).

The Process

4. Services undergo an 8-week accelerated learning process that provides the commercial skills necessary to build a fully costed, outline business case with four-year financial projections. At the end of the process, the plan is scrutinised by a panel that includes the Chief Executive, the Monitoring Officer, the Section 151 officer and an external business person. The Finance and Major Contracts Committee then makes the decision about whether to give services the go-ahead. Services will then have to take reports to their own committees or other relevant committees to enable specific elements of the commercial plan such as staffing changes.
5. Progress reports are taken to the relevant service committee while services are supported by the Commercial Development Unit for the first 12 months of trading. Early interventions will be made where any services fail to keep on track with income or cost projections.
6. The intention is to get as many services as possible to a position of zero cost or to one where they are returning surplus income to the authority which could be used to support other services.
7. Policy Committee agreed that 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 4

8. Three services participated in the fourth cohort assessment process which took place in March 2018:
 - County Enterprise Foods
 - Early Years Training Services
 - Registrations Services
9. Each service presented their commercial plan to the panel that consisted of the Chief Executive, Finance Officer, Monitoring Officer and an external business person.
10. The panel's conclusion was that all of the services needed to do further work to develop their commercial plans to ensure that members had sufficient detail for decision. As a result it is recommended that all 3 services undertake further work and present again in June 2018.
11. The Commercial Development Unit process continues to be refined after each cohort to ensure that it is best placed to support the change to a more commercial way of working. Experience with working with this particular cohort has highlighted some consistent themes to be addressed and it is recommended that a separate report be brought to committee setting out the proposed changes.
12. A summary position of the services that have been through the CDU to date can be seen in table 1 below. A report on the year end trading position will be brought to committee once all end of year information has been finalised. Table 2 below shows the target and actual income from the pilot cohort that has just completed its first full financial trading year. Each of the services has achieved income above its target generating over £800,000 income. Once year end information is complete the expenditure can be analysed to work out the saving to the Authority.

Table 1: Current position of services in the CDU

Cohort	Service	Status
Pilot	Education Improvement Service	Approved completed 1 st year of trading
Pilot	Outdoor Education Service	Approved completed 1 st year of trading
Pilot	Trading Standards Commercial Service	Approved completed 1 st year trading
Cohort 1	Brooke Farm	Approved and preparing to implement commercial plan
Cohort 1	Procurement	Withdrew due to no financial return possible
Cohort 2	Catering & Facilities	Looking at commercial options outside of the CDU process
Cohort 2	Document Services	Approved and preparing to implement commercial plan
Cohort 3	Energy Services	Approved and preparing to

		implement commercial plan
Cohort 3	County Supplies	Approved and preparing to implement commercial plan
Cohort 4	County Enterprise Foods	Returning to Cohort 5 to present to panel again
Cohort 4	Early Years Training	Returning to Cohort 5 to present to panel again
Cohort 4	Registrations Service	Returning to Cohort 5 to present to panel again

Table 2: Target / Actual Income CDU Pilot Cohort First Year Trading

	Target Income	Actual Income
Education Improvement	1,010,864	1,585,961
Outdoor Education	809,700	967,325
Trading Standards	1,293,195	1,404,169
Total Income	3,113,759	3,957,455

Services recommended for inclusion in Commercial Development Unit Cohort 5

13. We recommend that all three services from Cohort 4 repeat elements of the process in preparation for presenting revised commercial plans at the end of Cohort 5.

Other Options Considered

14. By not pursuing commercial opportunities it would mean that all the expected savings over the next four years would need to come from service reductions and efficiencies.

Reason/s for Recommendation/s

15. 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

16. 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

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

Equalities Implications

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

RECOMMENDATION/S

It is recommended that:

1. All 3 services repeat elements of the CDU process and return to present their commercial plans.
2. A report is brought back to committee setting out the lessons learnt from the CDU process and the commercial challenges faced by the authority with appropriate recommendations for members to consider.

Martin Done

Service Director, Commercial Development and Communications

**For any enquiries about this report please contact: Mark Knight
mark.knight@nottsc.gov.uk**

Constitutional Comments [GR 13.04.2018]

19. Pursuant to section 21 Part 4 of the County Council's constitution, the Finance and Major Contracts Management Committee has the delegated Authority to receive this report, the recommendations of which fall within the powers delegated to this committee.

Financial Comments

20. Financial comments will be reported orally at the meeting.

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.

- Commercial Development Unit Report – Policy Committee, November 2016

Electoral Division(s) and Member(s) Affected

- All