

17 December 2018

Agenda Item: 5

REPORT OF THE SERVICE DIRECTOR, FINANCE, INFRASTRUCTURE AND IMPROVEMENT

COMMERCIAL DEVELOPMENT UNIT: LESSONS LEARNT

Purpose of the Report

1. To inform the committee on the lessons learnt from the Commercial Development Unit process.
2. To seek approval for a change in approach in relation to commercial development.

Information and Advice

3. In March 2016, Policy Committee approved a commercial development pilot to explore the potential of more effective income generation. Three services, Outdoor Education, the Education Improvement Service and Trading Standards, were selected to take part in a 12-week pilot.
4. Over 12 weeks the three services participated in a series of masterclasses looking at key commercial concepts and skills. They used these to build a commercial business case that forecast commercial performance over four years. The business cases were assessed by a panel before being approved by Members.
5. Policy Committee approved two years' funding for the Commercial Development Unit in November 2016 following the successful pilot.
6. Since the pilot cohort the Commercial Development Unit has worked with five cohorts, totalling 12 individual services. These are detailed in the report. There are currently no services scheduled to participate in a CDU cohort.

Cohort	Service	Status
Pilot	Education Improvement Service	Trading
Pilot	Outdoor Education Service	Trading
Pilot	Trading Standards Commercial Service	Trading
Cohort 1	Brooke Farm	Capital project underway
Cohort 1	Procurement	No financial return possible
Cohort 2	Catering & Facilities	Assessing options
Cohort 2	Document Services	Implementing IT elements
Cohort 3	Energy Services	Ad hoc support being given

Cohort 3	County Supplies	Assessing options
Cohort 4	County Enterprise Foods	Options to be presented to challenge panel in 2019
Cohort 4	Early Years Training	Assessing options
Cohort 4	Registrations Service	Ad hoc support being given

Lessons Learnt

7. Over the course of delivering all six cohorts a number of lessons have been learnt both about the process, but more importantly about the level of commercial awareness across the Council.
8. The level of commercial awareness and skill that exists within services that are trading varies significantly and in some cases is lower than anticipated. This lower starting point sometimes makes it difficult to get services to a point of developing a commercial idea in eight weeks.
9. Many services felt that the process is undertaken too quickly and that they do not have enough time to learn the tools and then apply them. In part this is due to the fact that a disproportionate amount of time is spent understanding their current trading position in terms of finances which then leaves little time to consider options that would improve performance.
10. Many of the services were trying to balance providing statutory services, traded activity and undertaking the CDU process. The rigid format of the CDU process made this a challenge for many services with the result being that business plans and analysis were rushed.
11. The diverse nature of our services makes it difficult to apply a standard process across all services. A purely commercial approach is sometimes difficult to apply to some services, particularly when there are service users directly involved in the delivery of the traded service.
12. Some services are cautious about participating in the process, but are more comfortable with a less formal process that is more bespoke.
13. Services that have gone into the process willingly have tended to get more out of it than services who were maybe not quite ready.

Next Steps

14. A more flexible approach is required that is more integrated with transformation and change, but also addresses the need to help develop commercial awareness across the council.
15. As a part of the restructure of Finance, Infrastructure and Improvement commercial development will sit with the change and transformation team. This will ensure that commercial options are assessed when considering change and transformation programmes.
16. Closer working with workforce development to bring about a focus on developing a range of different training packages and courses to help develop commercial awareness and

commercial skills across the Council.

17. Support will be given to services in a less structured way than the CDU process to allow individual service aspects to be taken into account and to concentrate on certain areas of need such as pricing or undertaking commercial analysis.
18. The CDU process will be used at a more advanced level where services have a greater understanding of commercial concepts as well as their current commercial performance. It will be used where services feel ready to take the next step in commercial growth or are undertaking change or looking for investment.
19. Regular reports will be provided on all aspects of the commercial development and support provided.

Other Options Considered

20. If improved commercial performance is not pursued, savings may need to be found in other efficiencies and service reductions.

Reason/s for Recommendation/s

21. This change in approach will help to develop the commercial awareness and skills within the Council, which will support the Council's financial position by seeking to reduce the budget needed to run some services or to generate additional income for the Council.

Statutory and Policy Implications

22. 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

23. There are no direct financial implications arising from this report.

Equalities Implications

24. Equalities implications will be considered by each of the services.

RECOMMENDATIONS

That members approve the change in approach to commercial development and support outlined in this report.

Nigel Stevenson

Service Director - Finance, Infrastructure & Improvement

For any enquiries about this report please contact:

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Constitutional Comments [CEH 05.12.18]

The recommendation falls within the remit of the Finance and Major Contracts Management Committee under its terms of reference.

Financial Comments [NS 04.12.18]

There are no direct financial implications arising 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.

Report to Policy Committee – Commercial Development Unit, November 2016

Report to Finance and Major Contracts Management Committee – CDU Year One Report, May 2018

Electoral Division(s) and Member(s) Affected

All