

Commercial Plan 2015 to 2020

Executive Summary

This commercial plan is the council's proactive response to addressing the challenges currently facing the public sector. It provides a five-year programme to help the council become financially self-sufficient and sets out how we intend to deliver the council's corporate plan by adopting different approaches to funding and delivering our priorities.

The desire to improve quality of life and wellbeing for local residents and businesses has always been at the heart of local government. The council remains committed to delivering high quality services despite the reduction in public sector finances due to the economic recession and ensuing 'age of austerity'.

This means thinking creatively and working differently. As 'place leaders' now more than ever is the time for councils to provide a strong leadership role, intervening and influencing delivery through collaboration and an entrepreneurial approach.

The Localism Act 2011 provided a catalyst for councils to become more enterprising and commercial in their activities – developing new models for service delivery and revenue-raising. West Lindsey District Council has been at the forefront of this change, establishing itself as "The Entrepreneurial Council" in 2010.

The council's ambition is to achieve financial self-sufficiency by finding alternative income, as well as additional savings, to offset the projected 'funding gap'. The commercial plan is intended to support this ambition and will seek to generate £1m additional recurrent income by 2020.



The four priority areas are:

- Generating greater income from the council's services through charging, trading and investment (in order to reduce the net subsidy for each service)
- Securing greater external funding for the council and the district
- Increasing capital and revenue returns to the council through delivering housing and economic growth
- Enhancing the council's commercial culture and capability

Theme 1: Generating greater income from the council's services through charging, trading and investment



1.1 Reviewing the trading and income potential of all services

Through its transformation programme we will review the trading and income potential of its services and develop a prioritised commercial development programme.

1.2 Delivering a prioritised programme of business case development for commercial projects/initiatives

A prioritised programme of business cases will be established and overseen by our commercial board. It will provide a pipeline of ideas and projects that can be scoped, developed and implemented throughout the duration of the commercial plan with the aim of generating sustainable revenue income.

1.3 Developing a systematic approach to customer insight, market analysis and environmental scanning for business opportunities

Identifying potential opportunities is dependent on a good understanding of customer needs and market potential. The council's commercial and business support services will provide research and analysis of customer and market trends.

1.4 Establishing an 'Invest to Earn' fund to stimulate business development

The commercial board will oversee the 'Invest to Earn' fund and a streamlined process will be developed for services and/or individual officers to apply for funding to support their business idea.

1.5 Establishing effective financial systems for trading services to help manage direct and indirect costs

We will make sure that trading services have access to robust financial information and flexible payment systems including trading accounts and new payment systems.



1.6 Establishing appropriate charging policies (fees and charges) that balance the need for full-cost recovery with market sensitivity

We are considered a trusted and quality brand and this will usually be reflected in its pricing policies unless legislation or market conditions dictate otherwise.



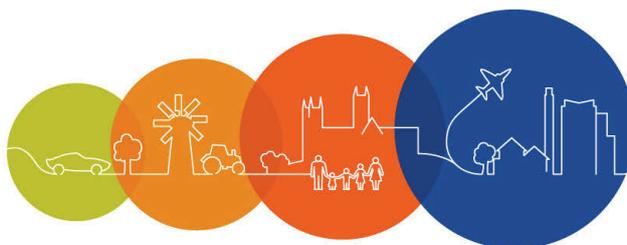
1.7 Developing alternative service delivery models as appropriate

The council already adopts a flexible approach to its service delivery models. This includes shared services in IT and the Central Lincolnshire Joint Planning Unit. Partnership models include the Public Service Hub at the Guildhall and sub-contracting services such as leisure.

We will consider the most appropriate model for service delivery on a case-by-case basis taking into account legal and financial implications. In addition, capability and capacity will also be considered when judging the most effective delivery model.

In most circumstances, the recommended model will be that which optimises income generation.

Central Lincolnshire 2012
LOCAL PLAN 2036



Theme 2: Securing greater external funding for the council and the district

2.1. Developing a pipeline of strategic projects that can secure external funding

Working with partners, we will prioritise a small number of key projects that can be progressed and presented as 'strategic, oven-ready' initiatives.

2.2 Establishing an approach for encouraging and approving external funding bids

The commercial board will develop a streamlined process for encouraging and approving external funding submissions.

2.3 Developing and influencing networks to maximise opportunities and success in securing external funding

We will implement an account management approach for key stakeholders to strengthen relationships and enhance our 'soft-intelligence' that can inform funding proposals.

2.4 Maximising the leverage from the council's external funding activities

The council will adopt a recognised cost-benefit analysis/Social Return on Investment model to help assess the wider benefit and impact of its financial investment.



The Foyer in Gainsborough supported by the council

Theme 3: Increasing capital and revenue returns through delivering housing and economic growth

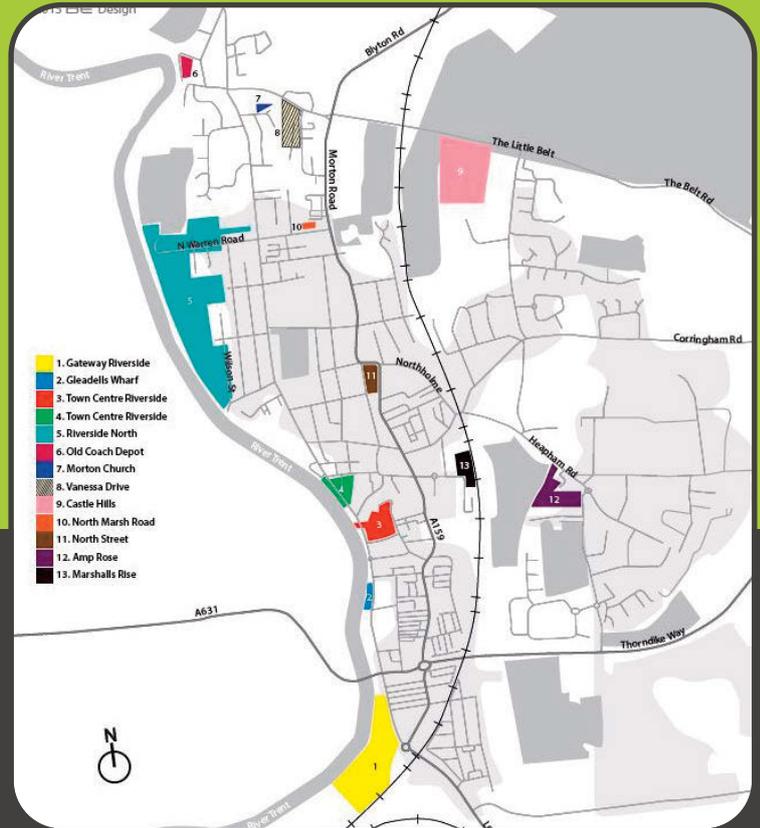
3.1 Developing and delivering a land and property programme (capital development programme) to add value and diversify the council's property portfolio

We have undertaken a review of our existing land and property assets to identify those with the greatest potential for delivering an enhanced capital value and/or revenue income.

The first development project is well underway with a number of other schemes in the pipeline.

3.2 Strengthening the council's approach to estate management (including facilities management) to maximise surplus and return on investment

We have strengthened our approach to estate management and invested in developing new systems, policies and processes to support the effective management of commercial and operational assets.



3.3 Establishing a housing company to develop, own and manage new homes and return empty properties to use

We will consider establishing an arms-length company that will provide the focus and capability to deliver new housing developments, bring empty homes back into use, and manage rental properties. At this stage the council remains open to the most appropriate structure and delivery model for the housing company.



3.4 Stimulating business growth and investment by implementing the district's Economic Development Delivery Plan

Working with partners the council will develop and implement a delivery plan that will focus on a few key projects to increase employment, skills and business base. This investment will support the council's commercial approach by increasing business rate revenues, generating new market opportunities and growing the potential customer base for services such as trade waste.

Theme 4: Enhancing the council's commercial culture and capability

4.1 Developing a communications and engagement plan to involve all staff and members in the council's commercial approach

Discussion and workshops with staff and elected members have highlighted the enthusiasm and desire to understand and support the council's commercial ambitions.

4.2 Establishing a development programme for staff and elected members as part of the people strategy that underpins the council's commercial ambitions

We will explore the potential to develop a peer/team exchange programme with other organisations, particularly within the private and social enterprise sectors. Consider establishing an external forum, building on existing local networks that can help guide, support and challenge our commercial activities.

We recognise the considerable benefits gained by involving partners from the private, public and voluntary and community sectors but it is important to be mindful of commercial sensitivities.



4.3 Strengthening corporate systems and processes to support the council's commercial activities

We have strengthened our governance arrangements for all activities. The commercial board is chaired by the commercial director with the director of resources (s151 officer) as vice-chair.

Evaluation and learning from commercial projects needs to be systematically captured to inform improvements to corporate processes.

4.4 Ensuring that the council's commercial activities are resourced appropriately

All commercial projects will need to develop business cases that reflect whole-life costings, including staffing costs for developing and implementing the initiative. The commercial board will have responsibility for prioritising resources in line with the annual delivery plan. Specialist and temporary resources outside of budgeted costs will require approval in line with existing governance arrangement and financial standing orders.



Governance

Policy and resources committee will oversee the commercial plan. A commercial member steering group will be established to steer the implementation and review progress.

The governance and audit committee and challenge and improvement committee will be regularly reviewing and scrutinising progress and delivery.

The entrepreneurial board will monitor the progress of the commercial plan with the commercial board being responsible for its delivery.

Resources

We recognise the need to invest in both staff and systems/processes to deliver improved financial returns. The senior management restructure has funded the creation of two new roles, 'commercial director' and 'strategic lead – commercial', to provide additional strategic capacity.

In addition, the council will establish a £1m 'Invest to Earn' fund that will support research, options appraisals and business development activities.

Risk Management

Inevitably, adopting a more commercial approach and promoting innovation and entrepreneurship can come with the increased risk associated with doing something new or unfamiliar. It is important that the council is risk aware, rather than risk adverse, taking an informed view of potential risks and deciding on the extent to which it wishes to tolerate, mitigate or avoid them.

All commercial projects will need to identify and assess associated risks, including any mitigation measures that can be implemented. The commercial board will maintain a strategic and project-level risk register that will be regularly reviewed by the commercial steering group.

Managing performance

The commercial board and commercial steering group will oversee the effective delivery and implementation of the commercial plan.

It will be supported by an annual delivery plan, providing more specific detail on initiatives to be developed and implemented within each financial year. This is expected to be confidential due to the commercially sensitive nature of the initiatives.

However, this is on the principle that public transparency of the delivery plan and its targets is in line with the constitution and will go through relevant committees, the member steering group and full council.

A report will be submitted to council in September 2015 which will outline the key priority areas and financial targets.

Thereafter an annual report will be presented to full council in February/March of each municipal year, alongside the Medium Term Financial Plan.

Commercial projects and activities will also be reflected in relevant service business plans with progress reported through the council's existing progress and delivery framework.



In summary, the key measures of our commercial success will be:

- Generating £1m recurrent revenue income (over and above 2014/15 baseline) by 2020
- Increased return on capital employed

The full commercial plan is available on the website at
www.west-lindsey.gov.uk/commercialplan

or from

West Lindsey District Council
Guildhall
Gainsborough

**If you would like a copy of this leaflet in large print,
audio, Braille or in another language:
Please telephone 01427 676676**

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