

Wealden Commercial Strategy

December 2017

Wealden District Council Commercial Strategy

Summary

Definition

Commercialisation: the use of innovative and entrepreneurial practices (i.e. trading and business improvement), in pursuit of corporate objectives, to deliver a return (i.e. generate extra revenue, achieve improved cost effectiveness and/or avoid costs).¹

Wealden's Commercial Strategy provides a framework for activities that will

- Form an essential part of the solution to the funding gap, which has arisen due to public sector budget cuts, a restructuring of how local authorities are funded and increasing demographic pressures.
- Potentially lead to the generation of disposable income, to provide additional resource to meet the council's ambitions and statutory duties for Wealden as set out in other strategies and plans.
- Deliver functions, services and outputs that bring benefits to local people and in doing so helps meet Corporate Plan objectives.

Wealden's commercial strategy is twofold:

1) Create a more commercial culture

Ensuring members and staff have the relevant skills, experience and mind-set to generate new revenue streams, innovate and / or make efficiency savings for the Council.

2) Diversify the Council's commercial portfolio

Looking to build on current projects such as the crematorium and the housing company and consider new income generating projects which:

- Will be located in the area of Wealden or East Sussex
- Offer social and / or environmental benefits, as well as financial gains for the council, whilst aiming to achieve corporate objectives
- Will align with other Council objectives, plans and strategies

¹ East Sussex Peer Challenge Definition July 2017

Commercial Strategy

Definition

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Aims

- To maintain and where possible improve the provision of services
- To bridge gaps in funding and achieve financial self-sufficiency
- To invest in commercial projects that offer financial and social returns on investment in pursuit of corporate objectives
- To generate disposable income to re-invest in economic development, town centre regeneration and other local priorities

Objectives

Wealden's commercial strategy is twofold:

1. Create a more commercial culture

Ensuring members and staff have the relevant skills, experience and mind-set to generate new revenue streams and make efficiency savings for the Council.

2. Diversify the Council's commercial portfolio

Undertaking new income generating projects, which offer social returns on investment and financial benefits for the council.

1. Creating a more commercial culture

Need for culture change

Traditionally, commercialism and income generation are not concepts associated with the local government sector. However, the 2010 Localism Act gave local authorities more freedom to generate income through commercial activities, such as charging and trading, as long as it is in line with their existing powers and not specifically prohibited by legislation. Although legislation now encourages commercial behaviour, local authorities do not necessarily have a mind-set whereby acting entrepreneurially to create new revenue streams is a driving force.

Wealden recognises that this needs to change and will refocus by instilling a more commercial culture amongst council staff and members. Whilst reviewing service areas, evaluating performance or setting targets, staff need to consider opportunities to generate income and make efficiency savings as one of their priorities. Ensuring that all service areas are as productive and efficient as possible can play an

important role in bridging the funding gap. In line with this, we will continue to adopt a user pays approach as outlined in our Fees and Charges Policy.²Wealden already has a good track record of making efficiency savings. By sharing services, moving to a single site headquarters and reducing the senior management team, the Council's Transformation Programme 2010-2015 led to a cumulative total of £13million in savings. Wealden will continue to build on the efficiency gains we have made so far and will supplement this by adopting a more commercial approach to identifying ways the council can generate new revenue streams.

New attitudes to risk

An integral part of becoming more commercially minded and creating new revenue streams involves changing attitudes amongst staff and Members to risk and failure. This strategy encourages an appetite for calculated risk taking, and embracing the learning from initiatives that fail to achieve expected outcomes. Local authorities are historically risk averse, as they are responsible for taxpayers' money and are democratically held to account for their actions. However, if we do nothing to increase our income, the services we provide for our residents will be unsustainable at current levels.

Mitigating risk

Wealden will encourage its staff to take risks based on informed decisions that identify and assess the potential costs, benefits and the likelihood of success of an entrepreneurial project. Corporate tools such as a standard business case and risk register can be used to ensure that all potential outcomes are considered and any appropriate mitigation measures are taken. Exit strategies will also be put in place, to ensure the council can pull out of projects that may not be delivering expected outcomes. These risk management techniques are already in use by the Council's wholly owned housing company, Sussex Weald Homes Ltd, and the crematorium development project. Having these mitigation measures in place will assist the council in becoming risk aware as opposed to risk averse.

Take the decision, do the training

The adoption of this commercial strategy is the first step in instilling a commercial culture within the Council. The next steps are to ensure that staff and members have the relevant skills and expertise to make a success of commercialisation. Further upskilling our staff and Members will supplement a more commercial mind-set with the relevant skills and assist in embedding a more commercial culture into the Council.

² Wealden District Council's Fees & Charges Policy 2008. Available at <http://council.wealden.gov.uk/documents/g2349/Public%20reports%20pack%2029th-Oct-2008%2010.00%20Cabinet.pdf?T=10> (Page 75)

Future training courses should develop such skills as:

- Market analysis
- Understanding the supply chain
- Developing a business case
- Commercial risk management
- Cash flow training
- Financial modelling and forecasting
- Business accounting
- Legal vehicles for Council commercial activities
- Commercial target setting
- Marketing
- Specification writing
- Contract management

A selection of courses could form a 'Commercial Council' training pathway with formal accreditation from an appropriate provider. This would emphasise the importance Wealden attaches to these skills.

2. Diversifying our commercial portfolio

The second part of Wealden's commercial strategy is to continue to develop commercial ventures, which will generate new revenue streams for the council. At the same time, Wealden will retain its public sector ethos and be clearly distinguishable from a private organisation.

Social return on investment

Wealden will target commercial activity towards offering community, environmental or local economic returns on investment, as well as financial benefits for the Council. Unlike most private organisations, we will not necessarily seek the highest profit generating opportunities, but will pursue projects with win-win benefits that create new revenue streams and meet corporate objectives. Wealden will set out to illustrate that it is possible to pursue profit, whilst also having the best interests of our residents at heart. This principle has the added advantage of helping to manage reputational risk, in the sense that if a commercial project fails to make a profit, it will have at least contributed to the community in other ways and will not have been entirely without benefit.

Meeting local needs

Wealden's two main commercial ventures to date illustrate how this principle can work in practice. Firstly, the development of the crematorium meets a service need not currently met within Wealden, and will also benefit the local economy. Secondly, the creation of Wealden's wholly owned housing company is designed to generate significant income for the Council, at the same time providing affordable and suitably sized housing for first time buyers and older people in the district. Finding gaps in the market in this way will ensure the council does not displace local businesses, which may have counterproductive effects on the local economy.

In the interests of our residents, our commercial ventures will be located solely in East Sussex and Wealden. For example, the housing market in London is a potentially more profitable business than in East Sussex but Sussex Weald Homes Ltd seeks to operate within our District. This helps to demonstrate that the company is meeting the housing needs of local people.

Aligned with our values

As we pursue the achievement of our corporate objectives, it is equally important to ensure that our commercial activity does not contradict our values. For example, we set out an aim in our Corporate Plan to maintain “Protection for our outstanding landscape and our heritage.” Similarly, all other commercial activity will also be compatible with the principles, values and commitments set out in our corporate plan.

All potential income generating projects will aid the council in meeting its Corporate Objectives to “Generate sustainable sources of income to reinvest in local priorities” and to “Increase Council generated income for greater financial independence.” The following potential projects would also meet a wide range of other corporate objectives.

Potential income generating projects	Alignment with Corporate Objectives
Green Energy e.g. Developing a solar farm	<ul style="list-style-type: none"> • Encourage take up of green energy options • Support our local businesses and entrepreneurs • Business innovation in a green environment
Robin Hood style energy project	<ul style="list-style-type: none"> • Assist local people with securing reduced energy tariffs
Health Infrastructure	<ul style="list-style-type: none"> • Access to good healthcare
Digital Advertising	<ul style="list-style-type: none"> • Promote healthier and active lifestyles • Promote Wealden as a tourist destination • Support our local businesses and entrepreneurs
Debt Recovery Service for East Sussex Councils	<ul style="list-style-type: none"> • Help local people find the right service solutions for them
Provision of public Wi-Fi and small cell deployment	<ul style="list-style-type: none"> • Help more people get online in Wealden so that they can save money, connect with family and friends and avoid social isolation. • Improve access to high speed broadband for Wealden people
Building Control Company	<ul style="list-style-type: none"> • Keeping communities safe

Asset Acquisition	<ul style="list-style-type: none"> • Work with partners to regenerate our diverse market towns, creating jobs, attracting investment and bringing in wealth • Attract more jobs and employment opportunities to the District • Support improvements to shopping facilities where appropriate • Encourage more local procurement by the public sector • Assist economic growth through an Infrastructure Delivery Plan • Vibrant high streets and villages • Wealden growing as a tourist destination
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What we will do next

We will continue to share best practice with other local authorities and work with our members in order to develop new income generating projects. In 2018, we will also be taking a part in an East Sussex income generation and commercialisation peer challenge to see how we can further improve our approach. Finally, we will keep an eye out for any new opportunities that may arise, which may help bridge the funding gap and maintain our high standard of service provision.

Action Plan

Action	By When	By Whom
Find an appropriate provider of commercial training courses, which will develop the skills set out in this strategy.	February 2018	Policy, Insight & Communications with Training & Development
Take part in the East Sussex Commercialisation peer challenge.	Summer 2018	Policy, Insight & Communications (Lead: Deputy Chief Executive)
Ensure staff and members have received the relevant training appropriate to their role.	September 2018	Training & Development
Review the processes and income generating potential of all service areas, making use of feedback and best practice from the peer challenge.	Autumn 2018	All services areas (Lead: Policy, Insight & Communications)
Using this strategy as a framework, continue to explore potential income generating activities, which will diversify our commercial portfolio.	Ongoing	All service areas (Lead: Deputy Chief Executive)

Aligning Wealden's Strategies

To safeguard against any conflict of interest within the Council, our Commercial Strategy has been aligned with the following:

- Wealden District Council's Corporate plan 2015-19³
- Wealden District Council's Medium term Financial Strategy 2017-22⁴
- Wealden District Council's Strategic Framework For Tourism In Wealden⁵
- East Sussex Strategic Management & Economic Development Plan 2017/18 - 2019/20⁶
- Wealden District Council's Asset Acquisition Policy 2016.⁷
- Wealden District Council's Fees & Charges Policy 2008.⁸

³ http://www.wealden.gov.uk/Wealden/Council/Policies_and_Plans/Policy_Corporate_Plan_2015-19.aspx

⁴ <http://council.wealden.gov.uk/mgConvert2PDF.aspx?ID=50835>

⁵ https://www.google.com/url?q=http://www.wealden.gov.uk/nmsruntime/saveasdialog.aspx%3FIID%3D7491%26sID%3D2838&sa=U&ved=0ahUKEwiahLnlv-_VAhXhKMAKHWsxBVcQFggGMAE&client=internal-uds-cse&usg=AFQjCNE9fYMaVQKWHZXLpl7dCFrwcd6R0w

⁶ <https://www.eastsussex.gov.uk/media/8110/strategic-management-and-economic-development-portfolio-plan-201718-to-201920.pdf>

⁷ http://www.wealden.gov.uk/Wealden/Council/Website_Tools/Search_2016.aspx?q=asset acquisition policy

⁸ <http://council.wealden.gov.uk/documents/g2349/Public%20reports%20pack%2029th-Oct-2008%2010.00%20Cabinet.pdf?T=10>