

**ANGUS COUNCIL**

**POLICY & RESOURCES COMMITTEE – 10 MARCH 2020**

**COMMERCIALISATION STRATEGY – ENTERPRISING ANGUS**

**JOINT REPORT BY DIRECTOR OF LEGAL & DEMOCRATIC SERVICES AND  
DIRECTOR OF FINANCE**

**ABSTRACT**

This report sets out a proposed commercialisation strategy for the Council under the banner of “Enterprising Angus”. The strategy and its implementation is a key part of the Council’s Change Programme and the future development of that Programme.

**1. RECOMMENDATION**

1.1 It is recommended that the Policy & Resources Committee:

i) note the background to the issue of commercialisation in local authorities as set out in this report;

ii) note the approach to commercialisation being proposed in this report including the proposed role for this Committees and the proposal to have a Member/Officer Group to support the work involved; and

iii) approve the proposed Commercialisation Strategy – Enterprising Angus and the associated 2 Year Action Plan as set out in Appendix B and the proposed Governance Arrangements as set out in Appendix C.

**2. INTRODUCTION**

2.1 Reference is made to Report 397/19 on the Council’s Change Programme submitted to the Policy & Resources Committee of 26 November 2019. That report highlighted the significant progress made in developing and delivering the Council’s Change Programme but noted that a significant funding gap remained to be bridged over the next 3 years. The report went on to highlight four areas of strategic transformation that needed to be pursued to try to ensure the financial sustainability of the Council over the medium to long term. One of those four categories was “Innovation, including adopting a more commercial approach to service provision” and this report is the first step towards implementation of that more commercial approach.

**3. DEVELOPMENT OF COMMERCIALISATION IN LOCAL GOVERNMENT**

Background

3.1 The commercialisation of public services is not a new concept, but recent years have seen the public sector becoming more entrepreneurial and inventive in the ways in which it delivers and funds services.

3.2 Commercialisation can be viewed as being about additional income generation activity but in reality it means much more. Commercialisation involves the deployment of internal resources in different ways – a more flexible approach to the way finances, assets and people are used. The act of transformation and the design of activities involves a commercial outlook.

- 3.3 In England local authorities have embraced commercialisation to a significant extent as part of their own sustainability strategies. Some of that commercial activity e.g. where Councils have invested in commercial property on a large scale has attracted national headlines and raised some concern for regulatory bodies but it does show what Councils have been willing or have had to do to be financially sustainable. We also need to bear in mind that the regulatory framework in Scotland is different from that in England and permits less scope to become involved in commercial activity.
- 3.4 It must be made clear that the Council's prime purpose is to deliver public services in a manner which provides best value not to pursue commercialisation as an end in itself. Nevertheless commercialisation where used appropriately can contribute to the delivery of public services by making them more efficient and/or providing additional income streams which can be spent on services. Appendix A attached provides further background and is taken from a joint report by CIPFA and Civica published in June 2019 called the Commercial Imperative. Officers have had these points in mind in developing a Commercialisation Strategy for Angus Council.

#### **4. WHAT DOES THIS MEAN FOR ANGUS COUNCIL?**

- 4.1 The introduction of a more commercial approach to delivering our services will ultimately help the Council to safeguard essential public services. The commercial vision set out in the Commercialisation Strategy attached as Appendix B will seek to build on, and complement, the work already being done by services to reduce costs and re-design services.
- 4.2 In its simplest form the Commercialisation Strategy set out in this report is intended to ensure the Council will be more commercial, more business-like in its approach by:-
- a) Making sure we get maximum value when we buy the goods and services we need
  - b) Making sure we properly understand what it costs to provide our services – gross and net
  - c) Making sure we know what drives our costs and incomes and using this information to inform our decisions
  - d) Making sure we design services in a way which meets our citizens needs in an efficient way
  - e) Taking the “right” opportunities to cost recover and where appropriate generate income to support service provision
- 4.3 It is important to be clear on why a Commercialisation Strategy is now being proposed for Angus Council and what officers expect that to deliver. The main objectives of the Strategy are:-
- a) to assist the Council in meeting its strategic priorities
  - b) to protect valuable frontline services
  - c) to explore all options to bridge the current and projected future funding gaps
  - d) to improve customer service and meet customer needs
  - e) to be more innovative when considering how we fund and deliver our services
  - f) to ensure that we use resources in the most effective way that we can as part of our best value obligations

This will mean development of a programme of work (see 2 Year Action Plan in Appendix B) that includes a process for identifying potential opportunities, applies methodologies to develop those opportunities, has a structure in place to ensure that these fledging opportunities are nurtured and supported, and has the resources to deliver the aims of the Strategy. Commercialisation should be seen as integrating commercial activities, and a commercial mind-set, into the core of how the Council operates.

#### **5. COMMERCIALISATION STRATEGY AND ACTION PLAN**

- 5.1 Appendix B attached sets out a proposed Commercialisation Strategy for the Council called Enterprising Angus. The Strategy explains what the key drivers for change are, what the purpose and objectives are, and, importantly, sets out the key actions proposed for the initial 2 year period of the Strategy.

- 5.2 The focus of the action plan in Appendix B is on creating the environment for a more commercial approach to be adopted by the Council. Change on this scale requires planning and development as well as cultural change and good quality data upon which to base decisions. Members are being asked to scrutinise/approve the Strategy as set out in Appendix B.

## **6. SCRUTINY AND GOVERNANCE**

- 6.1 Much of the work the Council will undertake as part of the Commercialisation Strategy and Action Plan will carry risk and in some cases this may involve more significant risks in order to pursue better returns either financially or in terms of the impact and outcomes expected. Other aspects of the Strategy and Action Plan may mean quite radical changes to service delivery to customers is to be proposed and this may not always be well received by customers and citizens. This means it is essential to have robust scrutiny and governance arrangements for the Council's Commercialisation Programme.
- 6.2 Appendix C attached describes the proposed governance arrangements for the Enterprising Angus programme including the role for the Policy & Resources Committee. Officers consider the nature of the work involved would benefit from a Member/Officer working group where potential commercialisation projects, their risks and opportunities and any policy changes could be reviewed and discussed informally. The MOG's work would help shape final proposals for consideration by the Policy & Resources Committee. Members are being asked to scrutinise/approve the governance arrangements in Appendix C.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 There are no additional financial implications for the Council arising from the recommendations in this report. Specific projects under the Enterprising Angus programme will be covered by separate reports and be subject to the scrutiny and approval processes set out in Appendix C. The financial implications, including assessment of risks and returns will be part of those further reports.
- 7.2 During the consultation process among officers on the draft Commercialisation Strategy the issue of resources was raised as a concern. At present only one officer has a specific role on commercialisation as only a part of their duties and it seems likely that additional investment in staff on a spend to save basis will be required as the Enterprising Angus programme takes shape. Any additional resource requirements will be subject to consideration through future years budgets or through use of the existing Change Fund.

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