

2019

# Commercialisation Strategy



Money that Matters

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## *Money that Matters*

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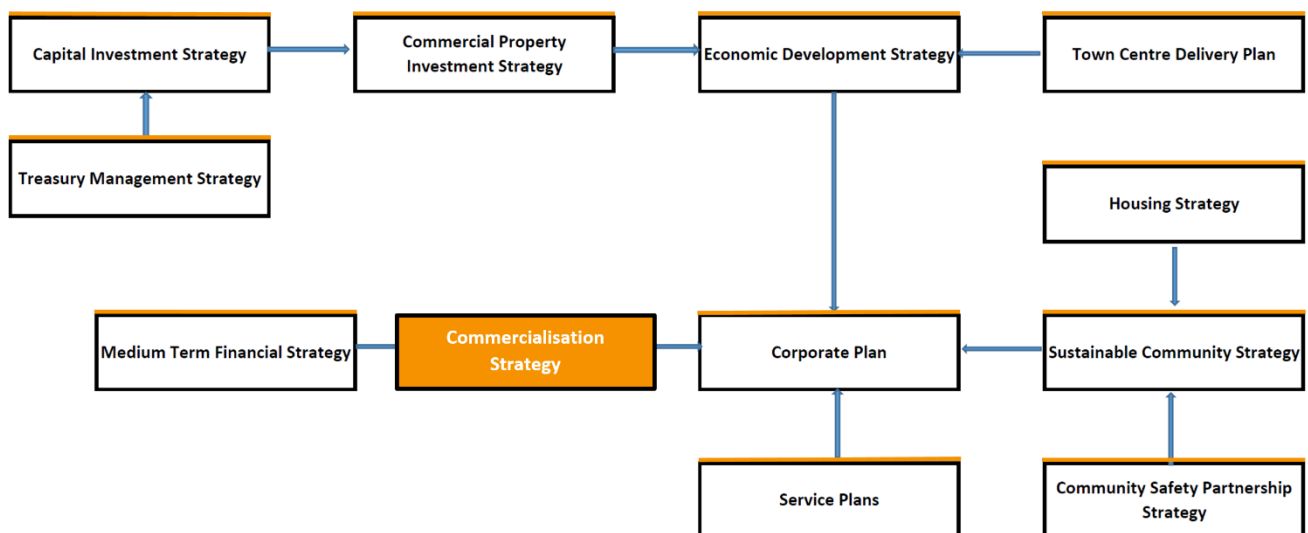
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## 1. Background and Purpose

The need for local government organisations to diversify their income portfolio and develop a more effective and efficient approach to delivery, has never been so evident. Local government finance is an extremely challenging environment, with increasing service pressures set against a backdrop of ever decreasing funding. However, with this comes the opportunity to review how services are delivered and financially maintained.

This is not a new challenge for Kettering Borough Council, having successfully continued to deliver a balanced budget, without the need to reduce any front line services. In 2010 the Council adopted a robust budget strategy with a clear policy position delivered by adhering to a number of budget guiding principles which has identified significant savings (See Appendix A – *Maintaining a Durable Budget*). The scale of savings are becoming more difficult to meet and it is increasingly important that the Council deliver on all aspects of the *Budget Delivery Framework*, which outlines nine workstreams (see section 3), by committing to embracing a more commercially focused mind-set and recognising that by creating a shift in culture will act as a key building block for maintaining financial sustainability, this strategy will support and reinvigorate the continued delivery of efficiencies, savings and income generation.

This commercialisation strategy sets out the Council's vision and framework of fostering a culture which is underpinned with a more commercialised mind-set, and our ambitions to transform and diversify how we do business, be that saving or making *money that matters*. It is important to recognise how this and other strategies interact. Commercialisation cuts across the organisation as a whole and this strategy should be utilised by all services and act as a golden thread in all the services the Council delivers.



The key drivers of the strategy are;

1. Develop a learning organisation which is outward looking by benchmarking, gaining insight and challenging the norm to inform future best practice

2. Look and think differently about how services are delivered and reinvigorate the continued delivery of the Budget Delivery Framework, to bring about efficiencies, enhance the offer and continue to be more commercial in our approach
3. Generate an income, where possible, to offset the budget gap as well as improve our service offer

In creating this strategy the wider context regarding future local public sector reform is recognised, which could be taking place within Northamptonshire over the coming years. Whilst this strategy is not representative of the wider North Northamptonshire area, it aspires to actively evidence and gather insight regarding best practice in how Local Government is adopting a commercialised approach to improve service design and delivery, as well as generate savings and income.

## 2. Vision and Approach

Our commercialisation vision is crosscutting, with a distinct alignment to delivering the Council's objective; **'To provide modern public services'**, and is articulated as;

The Council embodies a *'We Mean Business'* culture. Our staff feel **empowered, engaged and ambitious** in their approach to delivering services in an efficient customer focused way. The Council **collaborates to maximise** the monetary and social value return to public services, **supporting** the council to become more financially sustainable.

We will continue to embrace commercialisation within the Council and are committed to creating a culture which is innovative, ambitious and entrepreneurial; whilst being a social value driven public sector organisation – ensuring we make and save **money that matters**, safeguarding our service delivery to our residents.

Our approach focuses on the importance of cost reduction through challenging how we deliver services, as well as return on investment. We are committed to managing commercial risks in a way which is harmonised with public service. We will invest in our workforce to ensure we continue to strengthen the *One Team* ethos and a culture equipped to deliver our commercialisation ambitions now and in the future.

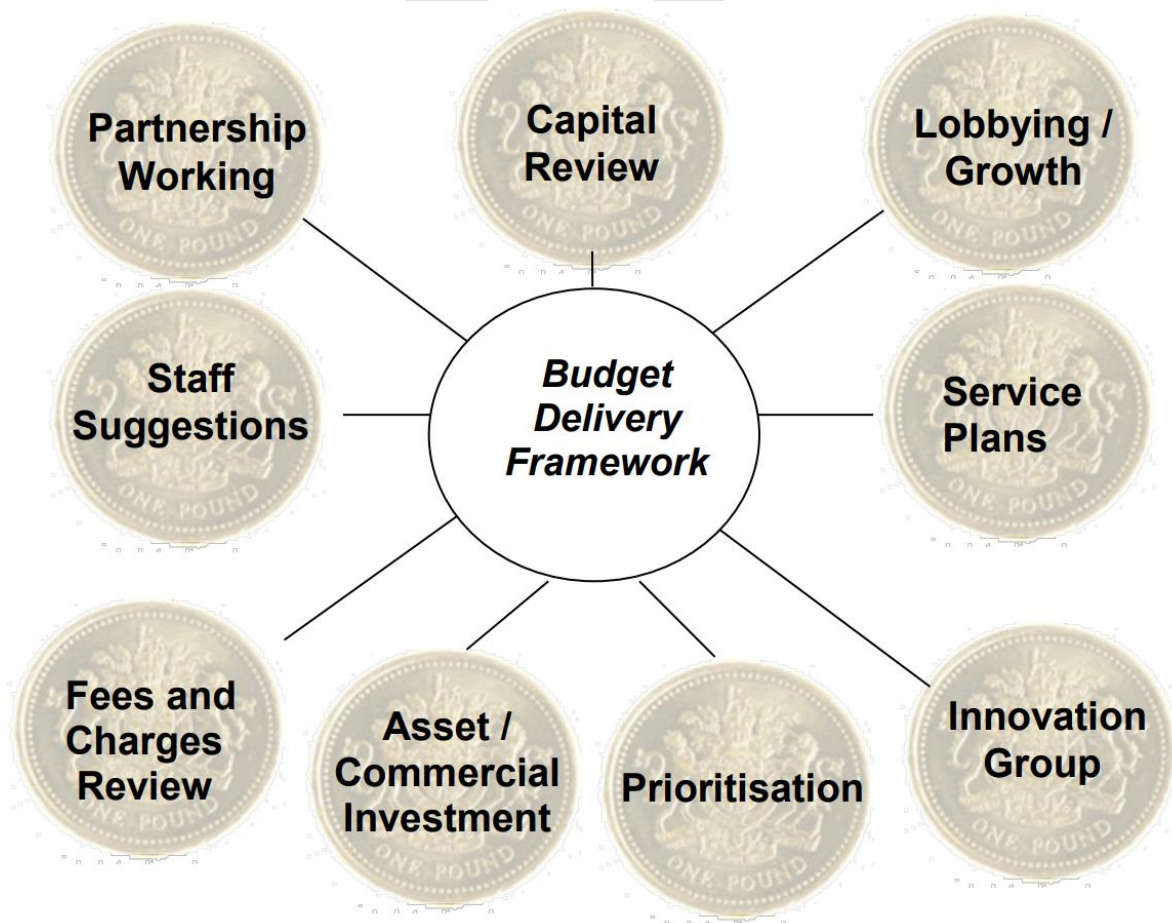
Our driven workforce will continue to innovate and be proactive in developing commercialised solutions, ensuring the organisation is effective and efficient in delivering high quality services to our residents. We will invest in schemes and projects that improve productivity, reduce costs and increase revenue; seek new ways of utilising our assets to generate greater levels of income and develop new initiatives which not only generate an income, but have clear social impact.

### 3. What it means

Commercialisation can be defined in a variety of ways and will mean different things to different organisations. Commercialisation is not just about generating an income, it is also redesigning how services can be delivered in a more commercially efficient manner. The Council define the term as a method and attitude categorised as;

- *Transforming the organisation to operate in a more **efficient and effective way**, making well informed and sound decisions regarding how public funds are used and invested*
- *Ensuring the organisation's **culture encourages an entrepreneurial mind-set** impacting service delivery. Building a resilient **workforce that is innovative, inquisitive and challenges the norm***
- *Supporting service areas to identify opportunities to deliver or move towards delivering services that are **efficient**, in a **cost neutral** or, where appropriate, on a **fee earning basis***

By defining and embracing this commercialisation strategy it enables the Council to reinvigorate and reflect how services can maximise delivery on all aspects of the Budget Delivery Framework, all of which are essential if the council is to continue to meet the financial challenges.



## 4. Aim and Objectives

The aim of the strategy is to develop a commercially efficient approach, and generate a financial and social return, which contributes to continued successful and sustainable service delivery.

It is recognised that in order to be commercially successful the Council needs to spend time fostering the '*We Mean Business*' culture across the organisation which will ultimately drive change. This will ensure the workforce continues to be resilient and equipped to think and act in a more commercial-like way now and in the future.

The objectives can be categorised within the following themes;

### Doing things differently

- Foster a creative, innovative and empowered culture to review and improve service delivery
- Where suitable support discretionary service areas to seek opportunities to implement full cost recovery
- Improve service delivery through identification of efficiencies
- Develop effective collaborations across our stakeholders to strengthen place shaping

### Financial stability

- Support the implementation and delivery of the Commercial Property Investment Strategy (2017-2022)
- Make more efficient use of assets and develop option appraisals for non-revenue generating assets which focus on social value, as well as financial benefit.
- Secure alternative forms of income

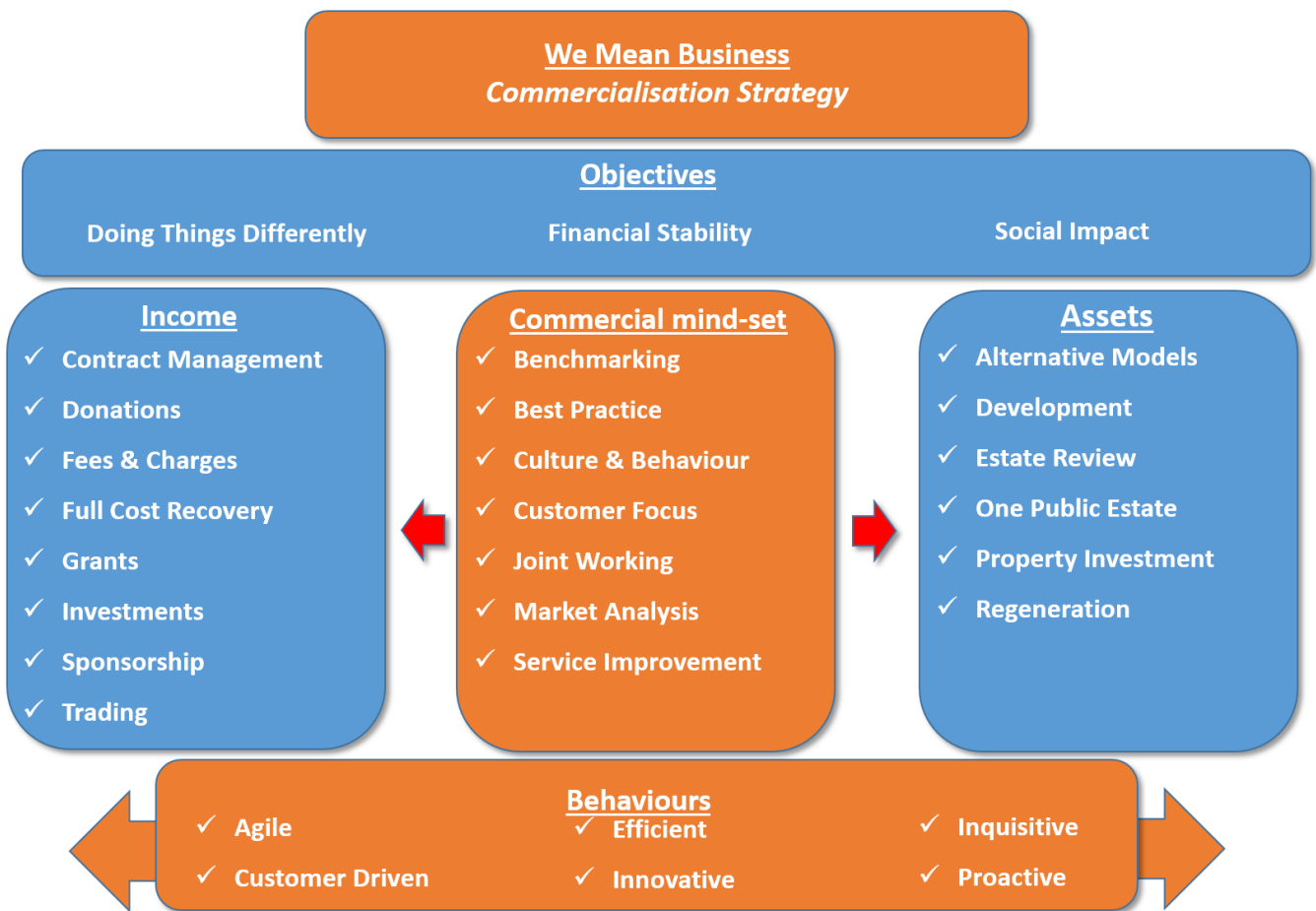
### Social Impact

- Capitalise on *We Mean Business* by improving interaction with ALL our customers (one shop window ethos)
- Ensure we generate '*money that matters*' through alternative investment models

## 5. How we get there

In order to deliver the objectives highlighted, there will be a programme of activity, which is set out within the framework below. This is underpinned with a robust *commercial project methodology* process (see appendix B), to ensure effective and inclusive idea generation, challenge, insight and intelligence, business planning, prioritisation and project management.

## Commercialisation Framework



## Commercialisation Activity

### Commercial mind-set

- Support full service diagnostics to understand true costs and pressures, benchmark and conduct market insight to identify trends and opportunities
- Adapt service delivery where appropriate to ensure best use of resource, capacity and capability
- Deliver and endorse continuous personal development, training and skill development to ensure commercial acumen and entrepreneurship is embedded within the culture of the organisation
- Explore opportunities for collaboration and joint-working opportunities both internally and externally, ensuring skills, knowledge and best practice are identified and utilised

### Income

- Review and support implementation of existing guiding principles for fees & charges and trading activity across the council, assess against market rates and determine rationale for approach
- Raise the profile and ensure engagement across the council of the understanding of fees & charges and ensure understanding of local authority charging

- Support discretionary services to assess and implement, where appropriate, full cost recovery charging mechanisms, supporting approach, pitching within market and business planning
- Understand, test and implement opportunities that defer or reduce spending ie: accessing social investment opportunities
- Contract management review and application of opportunities
- Ensure where possible services are assessing suitability of grants, donations and sponsorship opportunities, recognising where influencing external parties to also access these opportunities impacts on service delivery and return on social value.

#### Assets

- Support delivery of the commercial property investment strategy
- Challenge, inform and review the use and rationalisation of the estate portfolio
- Seek opportunities for partnership and collaboration opportunities via One Public Estate and the Northamptonshire Property Partnership
- Utilise and support the Economic Development Strategy to consider innovative and creative solutions for growth, funding and investment
- Support the delivery of development site opportunities which demonstrate a financial and/or social return on investment, and inform regeneration projects



## Appendix A – Maintaining a Durable Budget

Since 2010 the Council has successfully delivered around £12.8 million of efficiencies, savings and income generation. The financial golden rules and guiding principles provide a strong basis for the Council’s medium term financial strategy, this along with the Budget Delivery Framework have enabled continued success. Chart 1 below details that over the next four years efficiencies of over £5m are estimated to deliver a balanced budget.

**Chart 1**  
**Efficiencies / Savings / Income Generation**

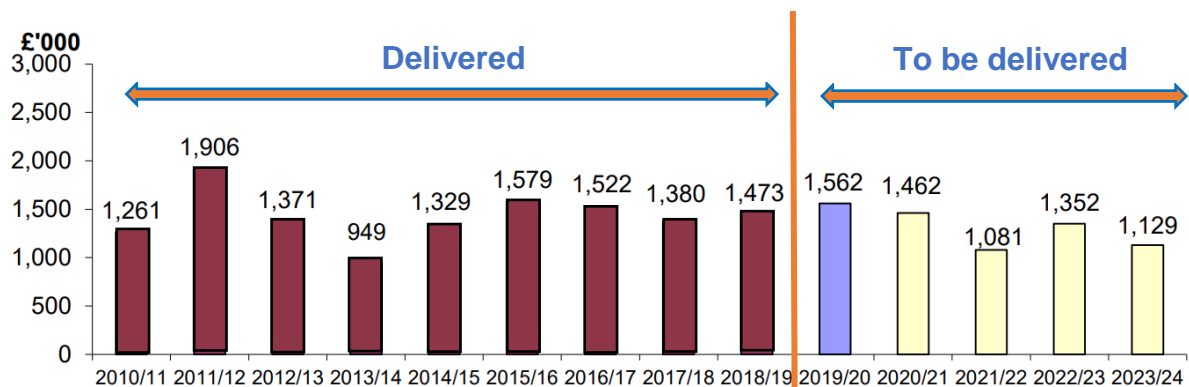
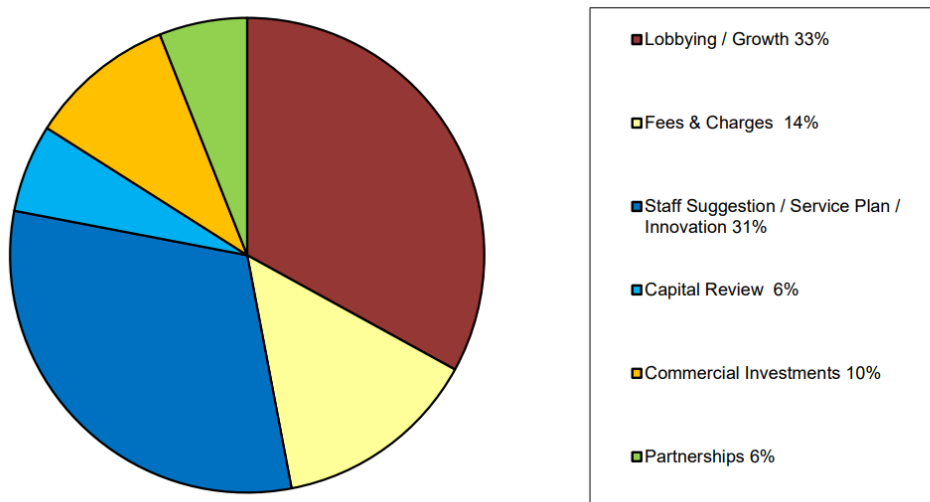


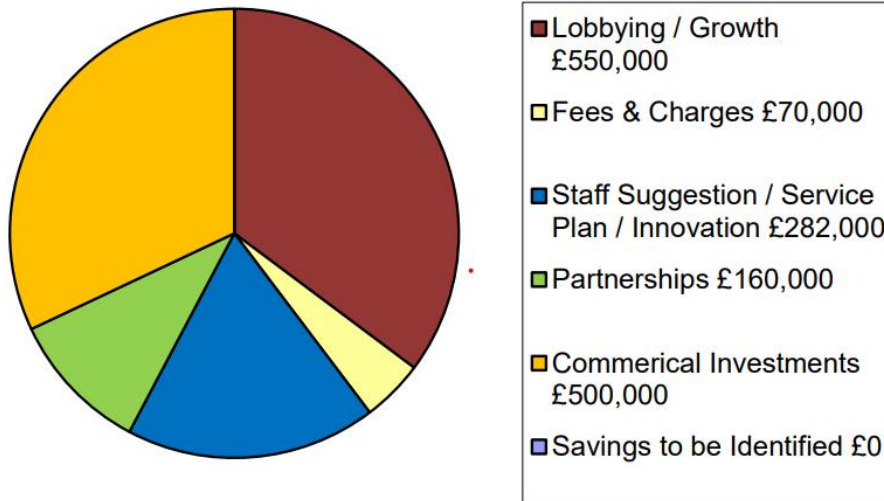
Chart 2 below details the composition of where the efficiencies, savings and income generation have derived from since the implementation in 2010.

**Chart 2**  
**Total Identified Framework Savings (2010-2019)**



The identified savings of £1.562m for 2019/20 are detailed in Chart 3 below;

**Chart 3**  
**Framework Efficiencies for the next Year**  
**(2019/20)**



Around two thirds of the 2019/20 efficiencies are reliant on Lobbying / Growth and Commercial Investments, this reinforces the need for all aspects of the framework to contribute to the challenging targets being faced.

## Appendix B – Project Methodology

The Council continues to encourage officers to explore new ideas and identify new ways of generating an income or reducing costs. In order to support idea development and assess suitability; a council-wide project methodology process has been developed.

The role of Commercial Development is to support officers, assemble the relevant skill-sets needed to complete the required steps, through to business case stage. It is recognised that in some cases commercial officer time will be required through to implementation / delivery phase. A suite of operational templates and support will be available to deliver the project methodology process.

### Project Methodology



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