

CABINET	AGENDA ITEM No. 7
4 February 2019	PUBLIC REPORT

Report of:	Amanda Askham – Director of Business Improvement and Development	
Cabinet Member(s) responsible:	Cllr David Seaton – Cabinet Member for Resources Cllr Howard Fuller – Cabinet Adviser	
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COMMERCIAL STRATEGY 2018-2021

R E C O M M E N D A T I O N S	
FROM: Director of Business Improvement and Development	Deadline date: N/A
It is recommended that Cabinet comment on and endorse the proposed Commercial Strategy 2018 – 2021 for consideration by the Joint Meeting of the Scrutiny Committees.	

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet following a referral from CMT on 21st November 2018.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to:

- To provide an overview of the proposed Commercial Strategy 2018-21.
- To seek Cabinet approval for the Council's Strategy 2018-21 attached as Appendix 1 of this report to be considered by the Joint Meeting of the Scrutiny Committees.

2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.1, '*To take collective responsibility for the delivery of all strategic Executive functions within the Council's Major Policy and Budget Framework and lead the Council's overall improvement programmes to deliver excellent services.*'

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

4.1 The Council has a range of experience in generating income and using commercial opportunities in order to supplement other forms of income, such as that received from the Government, Council Tax collection and other grants. However, it is recognised that the situation now faced by the Council requires a more fundamental shift in the way in which these activities are identified, coordinated, implemented and monitored.

- 4.2 Peterborough City Council has a robust approach to financial planning - with a rolling programme of budget monitoring and budget setting - that allows us to identify where savings and investment need to be made. Based on current plans, we estimate that the Council will need to make another £20 million of savings over the next three years - and we are proactively planning to meet the financial pressures in the years ahead. It has been identified that commercial opportunities and associated income generation provide significant scope for alleviating financial pressures and creating commercial returns which underpin the delivery of crucial frontline services.
- 4.3 The proposed Commercial Strategy signals an intention - driven by necessity - to enter a new phase of enterprise, investment and commercial growth. We will work with partners who share our ambition and values and we shall continue to put the best interests of Peterborough residents at the heart of everything we do.

5. CONSULTATION

- 5.1 The Commercial Strategy, its themes and design principles have been developed in consultation with Members, lead officers and our partners over the last six months. The strategy builds on the breadth and depth of commercial experience and practice which already exists in the Council whilst also introducing new skills and experience. The Portfolio Holder, members of the Cabinet Policy Forum, the Corporate Management Team and the Council's Section 151 Officer are supportive of the Strategy.
- 5.2 In preparing the Strategy, officers have consulted with leading consultants and looked at case studies and local authority investment processes, structures and activity published by other Councils.
- 5.2 If approved, detailed workplans will be developed under each Commercial Theme in the strategy. As a way of initiating the delivery of this work, an Opportunity Appraisal Framework has been developed in consultation with Members and Officers in order to ensure a clear vision and consistency in the way future activity is managed.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 The purpose of developing a strong commercial strategy is ensure that the Council makes the best use its assets, skills and position to generate significant levels of new income to support delivery of crucial front line services.

The 2018-21 Commercial Strategy articulates the three priority themes for this period, which are more fully described in the strategy document:

- **Contract management, market shaping and procurement**
- **Contribution and funding**
- **Acquisitions and Investment**

- 6.2 The Strategy also describes more detailed objectives and targets along with governance arrangements, control measures and performance indicators to manage the risks associated with developing a more ambitious commercial portfolio.

7. REASON FOR THE RECOMMENDATION

- 7.1 A Commercial Strategy and workplan is needed to build on existing initiatives, increasing the pace of portfolio development to ensure that commercial income makes a significant contribution to the Council's budget.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The Council has been exploring strategies for achieving a balanced budget and options which included a range of commercial targets have been modelled alongside efficiency savings and service reductions.

- 8.2 As part of the development of the Commercial Strategy, the working group consider a range of options including alternative delivery models, acquisition and investment, contracts and procurement and trading income. The resulting Strategy proposes a mixed portfolio of commercial activity with ambitious but deliverable targets.

9. IMPLICATIONS

Financial Implications

- 9.1 Current financial projections indicate that the Council will be required to make savings of at least £20 million from its revenue budget over the next three financial years. Like many local authorities the Council is keen to pursue commercial opportunities to generate financial returns to support the revenue budget. The Commercial Strategy will contribute positively towards the achievement of savings targets and enable continued delivery of and investment in crucial front line services whilst achieving a balanced budget.
- 9.2 Implementation of the Strategy is likely to give rise to the need for additional internal and external resource, dependent upon the extent, nature and specific timing of acquisition, development and asset management activities.

The requirement for additional external resources will be managed on a case by case basis in order that implementation of the strategy is not affected, including both the ability to deliver improvements to the existing portfolio and to make further investments.

Legal Implications

- 9.4 The Legislative Framework within which the Council operates is a vital consideration for income generating activity and includes, but is not limited to:
- Sections 1, 12, 15 and 95 of the Local Government Act 2003;
 - Sections 111, 120, 123 of the Local Government Act 1972;
 - Sections 1 and 4 of the Localism Act 2011.
- 9.3 The Legal implications and relevant legislative frameworks for individual proposals will be managed on a case by case basis as part of Business Case development and in conjunction with the Council's Legal advisers.

Equalities Implications

- 9.3 Commercial income will underpin the strategic priorities of the Council's Corporate Strategy 2019-2021 which focuses on reducing inequality and designing services with citizens - mandating inclusion of a diverse range of views and voices.

10. BACKGROUND DOCUMENTS

- 10.1 None.

11. APPENDICES

- 11.1 Draft Commercial Strategy 2018-2021

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