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# Commercial Board - Update Report

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| <b>Committee considering report:</b>                                       | Overview and Scrutiny Management Commission |
| <b>Date of Committee:</b>  | 9 <sup>th</sup> February 2021               |
| <b>Portfolio Member:</b>   | Councillor Ross Mackinnon                   |
| <b>Date Head of Service agreed report:</b><br><i>(for Corporate Board)</i> | N/A   |
| <b>Date Portfolio Member agreed report:</b>                                | 22 <sup>nd</sup> December 2020              |
| <b>Report Author:</b>  | Andy Sharp, Executive Director, People      |
| <b>Forward Plan Ref:</b>   | N/A   |

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## 1 Purpose of the Report

- 1.1 This report responds to the request from the Overview and Scrutiny Management Commission for an update in respect of the work undertaken in the past year by the Commercial Board and its work programme.
- 1.2 The purpose of this report is to:
- Provide an assessment of the current position in respect of the work undertaken by the Commercial Board
  - Provide an overview of the work programme for the Commercial Board for the coming year (2020/21)

## 2 Recommendation(s)

- That OSMC note the content of this report and the future work programme of the Commercial Board.

## 3 Implications and Impact Assessment

| Implication       | Commentary   |
|-------------------|--|
| <b>Financial:</b> | There are no direct financial implications as a result of this report, however the approach taken to commercialisation does interface with the MTFS. |

|  |   |                |                 |  |
|--|---|----------------|-----------------|--|
| <b>Human Resource:</b>   | There are no direct HR implications as a result of the content of this report.  |                |                 |  |
| <b>Legal:</b>  | There are no direct legal implications as a result of the content of this report.   |                |                 |  |
| <b>Risk Management:</b>  | There are no none financial risks associated with the content of this report and these issues are addressed in the finance section above. |                |                 |  |
| <b>Property:</b>   | There are no direct property related issues as a result of this report.   |                |                 |  |
| <b>Policy:</b>   | There are no direct implications as a result of this report.  |                |                 |  |
|  | <b>Positive</b>   | <b>Neutral</b> | <b>Negative</b> | <b>Commentary</b>  |
| <b>Equalities Impact:</b>  |   |                |                 | There are no direct equalities implications as a result of this report however specific impact assessments are undertaken in respect of projects delivered within the portfolio of the Commercial Board. |
| <b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?               |   |                |                 | No.  |
| <b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users? |   |                |                 | No.  |

|                                     |   |  |  |   |
|-------------------------------------|---|--|--|---|
| <b>Environmental Impact:</b>        |   |  |  | N/A   |
| <b>Health Impact:</b>               |   |  |  | N/A   |
| <b>ICT Impact:</b>                  |   |  |  | N/A   |
| <b>Digital Services Impact:</b>     |   |  |  | N/A   |
| <b>Council Strategy Priorities:</b> |   |  |  | The work of the Commercial Board supports the delivery of services across the organisation which link to all aspects of the Council Strategy.             |
| <b>Core Business:</b>               |   |  |  | The work of the Commercial Board supports the delivery of services across the organisation which link to all aspects of the core business of the council. |
| <b>Data Impact:</b>                 |   |  |  | There are no direct data impacts as a result of this report.  |
| <b>Consultation and Engagement:</b> | This report has been produced in consultation with the relevant Portfolio Holder. |  |  |   |

## 4 Executive Summary

- 4.1 In order to seek to create an organisational approach to the concept of commercialisation and to generate additional income for the local authority, a Commercialisation Group was set up in August 2018 to progress this agenda. The Group was therefore originally set up to formalise arrangements for officers and members to work together to increase and enhance the commercial activity of the authority. As a part of this approach there was also an intention to seek to create and grow a more business minded culture in the way income generating ideas were progressed.
- 4.2 Following a review of the work of the commercialisation group and the outcomes delivered in June 2019, a revised approach under the leadership of the commercial board and associated priorities were agreed (as reported to OSMC in October 2019). The agreed way forward for the Commercial Board was to implement a revised and more focused approach focused upon three key component parts, these being:
- **To identify and lead strategically significant commercialisation programmes**

- **To provide guidance, advice and support to cross organisational commercialisation projects**
- **To take oversight of the traded services arrangements within the organisation**

- 4.3 The Commercial Board is chaired by the Executive Director, People supported by senior officers from across the organisation. The group is also attended by both the Portfolio Holder for finance, property, commissioning and economic development and the Portfolio Holder for Children, Education & Young People.
- 4.4 The key areas of delivery for the Commercial Board since the last report to OSMC in October 2019 have been impacted, as has much of the work of the council, by the need for capacity to be focused upon responding to the covid pandemic. However progress has been and continues to be made in taking forward the key areas of focus for the board. This progress can be summarised as follows:
- A review governance in respect of traded services in Education, completed in November 2019 resulted in the creation of a traded services sub group of the board to take this agenda forward
  - Ensured enhanced oversight of education traded services via the board – regular reports now presented to the board by the sub group
  - Created an operating protocol for commercialisation (completed in June 2020)
  - Reviewed the “lions lair” approach and its outcomes (completed in July 2020)
  - Identified the key projects from “lions lair” to take forward (completed in August 2020), with a decision to progress the potential build of a crematorium
  - Commissioned training for key staff in commercial thinking and approaches (Keystone commissioned to provide this in August 2020 – to commence in line with the corporate programme in 2021)
  - Raised awareness of the need for Directorates to feed transformational activity with a commercial focus to the board
  - Identified Directorate based strategic commercial development within Place in respect of a potential Housing Company, which will now form part of the work programme for the board

## 5 Supporting Information

### Introduction

- 5.1 This report responds to the request from the Overview and Scrutiny Management Commission for an update in respect of the work undertaken in the past year by the Commercial Board and its work programme.

### Background

- 5.2 In order to seek to create an organisational approach to the concept of commercialisation and to generate additional income for the local authority, a Commercialisation Group was set up in August 2018 to progress this agenda. The Group was therefore originally set up to formalise arrangements for officers and members to work together to increase and enhance the commercial activity of the authority.

As a part of this approach there was also an intention to seek to create and grow a more business minded culture in the way income generating ideas were progressed.

- 5.3 Following a review of the work of the commercial board and the outcomes delivered in June 2019 a revised approach and set of priorities were agreed (as reported to OSMC in October 2019). The agreed way forward for the Commercial Board was to implement a revised and more focused approach focused upon three key component parts, these being:
- **To identify and lead strategically significant commercialisation programmes**
  - **To provide guidance, advice and support to cross organisational commercialisation projects**
  - **To take oversight of the traded services arrangements within the organisation**
- 5.4 The Commercial Board is chaired by the Executive Director, People supported by senior officers from across the organisation. The group is also attended by both the Portfolio Holder for finance, property, commissioning and economic development and the Portfolio Holder for Children, Education & Young People.
- 5.5 The key areas of delivery for the Commercial Board since the last report to OSMC in October 2019 have been impacted, as has much of the work of the council, by the need for capacity to be focused upon responding to the covid pandemic. However progress has been and continues to be made in taking forward the key areas of focus for the board. This progress can be summarised as follows:
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  - Identified the key projects from “lions lair” to take forward (completed in August 2020), with a decision to progress the potential build of a crematorium
  - Commissioned training for key staff in commercial thinking and approaches (Keystone commissioned to provide this in August 2020 – to commence in line with the corporate programme in 2021)
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  - Identified Directorate based strategic commercial development within Place in respect of a potential Housing Company, which will now form part of the work programme for the board

## Commercial Board Update

5.5 The work programme for the commercial board for the remainder of this year and into 2020/21 can be summarised as follows:

- Continue to support the development of traded services within Education
- Undertake a second phase business case in respect of the potential development of a crematorium within West Berkshire
- Support work in respect of the feasibility study related to the potential development of a Housing Company
- Deploy the organisation wide commercial skills training programme as part of the corporate development programme during 2021

### **Education Traded Services**

5.6 The Council offers West Berkshire schools and academies the opportunity to buy back a wide range of services and some of these are also offered to private sector schools and colleges.

5.7 The Council has a great deal of experience and expertise in providing/selling support and services to schools through a well-established trading model, also known as 'buy back'. Schools recognise and value the quality of the services provided, however, over time the model and the trading environment has changed and is now challenged by the changing nature of funding into education and the need for schools to focus more on cost.

5.8 The conversion of schools to academies and the federation of maintained schools has been a key factor in changing the trading environment in recent years. This has created challenges for the Council in continuing to provide services and maintain income as the number of alternative providers in the external market has increased, often offering cheaper options. Despite the challenges within the market the majority of services are reporting a relatively healthy position in terms of demand and income. In 2018/19 a review of traded activity identified that the overall picture in terms of income remained positive and that where service trading income budgets were under pressure action had been taken or was planned to address this.

5.9 The Commercial Board has a Traded Services sub group which provides regular updates in respect of the position within these services and the board has recently commissioned a further review of activity to be completed in early 2021, the focus of which is to identify potential areas for expansion or development.

### **Crematorium Development**

5.10 As previously reported to the OSMC, the project identified for further consideration as an outcome from the "Lions Lair" process which encouraged staff to identify potential commercial opportunities relates to the potential development of a crematorium within West Berkshire. An initial business case outlining a proposal for the development has been considered and approved by the commercial board. Following on from this a headline land search has been conducted and a specification for a second phase more detailed business case developed in order to allow for consultants to be engaged early in 2021 to fully evaluate viability and delivery options.

## Commercial Board Update

5.11 A development of this nature would require significant investment from the council both in terms of capital expenditure and human resources. As such the board has reasonably been careful in its evaluation of the potential for this work to be undertaken and as a result, if the second phase business case is approved this will be a significant project undertaken over a period of more than a year.

### **Housing Company**

5.12 As members of OSMC will likely already be aware the council is considering creating a housing company. This work although not started by the commercial board will now form part of its portfolio of work for the coming year due to the fit with the objectives around supporting strategic change within Directorates. The work to date has been led by the Housing service and a full evaluation of delivery options has recently been commissioned.

### **Commercial Skills Training**

5.13 The commercial board have recently commissioned an organisation called “Keystone” to deliver commercial skills training to over 100 members of staff within the council. The delivery of this training has been delayed due to limitations around face to face contact but arrangements for a virtual offer to commence early in 2021 as part of the corporate development programme have now been agreed. The training will be delivered across three distinct key cohorts targeted at Senior Leaders (Corporate Board, Service Directors and Heads of Service) in the form of a “Masterclass”, Service and Team managers leading traded or commercial activity focused on “managing commercial skills and projects in teams” and a session targeted towards staff working directly within traded of commercial services addressing “commercial and business acumen”.

5.14 The learning objectives and outcomes for the programme can be summarised as follows:

#### **Learning Objectives:**

- Commercial thinking at a strategic level– what it means to be commercial and how does this fit the public sector ethos?
- Spotting a gap in the market and developing a business case
- Key considerations when launching a commercial offer
- Managing delivery – profit, loss and customer outcomes

#### **Learning Outcomes:**

- Enhancement of the Council’s commercial culture and capability
- Development of a communications and engagement plan related to the Council’s commercial approach
- Strengthened corporate systems and processes to support the Council’s commercial activities
- Ensure that the Council’s commercial activities are resourced appropriately
- Review the trading and income potential of those services already acting in this way
- Creation of a prioritised programme of support for the development of business cases and plans for commercial projects and initiatives

## Commercial Board Update

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

## 6 Other options considered

6.1 N/A

## 7 Conclusion

7.1 The work of the Commercial Board has been impacted from a capacity perspective by the need to divert resources in response to the covid pandemic, however positive progress has been made in relation to the key priorities of the board. The work programme for the current year and beyond into 2020/21 is clear but will continue to be subject to change as additional areas of work are identified.

## 8 Appendices

8.1 None.

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### Corporate Board's recommendation

N/A

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### Background Papers:

N/A

### Subject to Call-In:

Yes:  No:

The item is due to be referred to Council for final approval

Delays in implementation could have serious financial implications for the Council

Delays in implementation could compromise the Council's position

Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months

Item is Urgent Key Decision

Report is to note only

**Wards affected:** District wide.

### Officer details:

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## Commercial Board Update

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### Document Control

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|----------------|--------------------|----------------|------------|
| Document Ref:  |                    | Date Created:  | 11/05/2020 |
| Version:       |                    | Date Modified: |            |
| Author:        | Andy Sharp         |                |            |
| Owning Service | People Directorate |                |            |

### Change History

| Version | Date | Description | Change ID |
|---------|------|-------------|-----------|
| 1       |      |             |           |
| 2       |      |             |           |