

Report to the Cabinet

Meeting to be held on Thursday, 6 August 2020

Report of the Head of Service - Commercialisation

Part I

Electoral Division affected:
(All Divisions);

Commercial Blueprint

(Appendix 'A' refers)

Contact for further information:

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Executive Summary

This Commercial Blueprint sets the strategic commercial aim of the council and presents priority areas for development. It brings clarity to what we mean by commercialisation and collectively provides a framework that will assist the council to create the environment for it to be more commercial.

Recommendation

Cabinet is asked to approve the Commercial Blueprint set out at Appendix 'A', and specifically:

- The Commercial Objective.
- The definition of what 'commercialisation' means for Lancashire County Council.
- The identified priority themes for development.

Background and Advice

Over the years Lancashire County Council has continued to look at ways to achieve savings and to look at commercially innovative ways to deliver services and to capitalise on its traded services to deliver income to help deliver services that cannot generate income.

Austerity, in the form of falling central government funding and rising demand for some services brings questions about how the council can remain financially sustainable in the long term. This situation is further compounded as councils respond to Covid 19 and its impact on residents and businesses in the short, medium and longer term.

This Commercial Blueprint takes a broad view and presents areas of focus and development that will support and safeguard our commercial activity. It also presents the route by which new enterprises will be considered which will help ensure a high level of transparency, due diligence and integrity. This is important to ensure the council considers any new enterprise fully informed. Across the country councils are at different stages of development in considering what it means to be commercial and this is open to interpretation. Indeed, some councils are now facing increased scrutiny, specifically relating to property investment and the use of public funding in this regard.

The service challenge reviews identified that the county council has experience of providing services which customers will pay for across a number of service areas/sectors. Whilst many services provide high quality traded services, some services have innovative ideas for growth though have identified wider issues that require consideration.

From a continuous improvement perspective and also supporting recommendations in our Improvement Journey the current climate presents an opportunity for Lancashire County Council to further support and be responsive to our customers.

- This means being clear at a corporate level what we mean by commercialisation;
- being clear on our commercial aim;
- supporting the skills of our workforce to operate with a commercial mind-set/public service heart;
- ensure services have clarity of purpose and are not conflicted;
- review how we can better support services in areas of finance, financial modelling and marketing, market analysis to fully understand cost, volume and price variables and legal basis.

This document is presented following consideration of best practice across the country and lessons learnt from other councils. It is this review of practice and in acknowledging the scale and breadth of Lancashire County Council that it presents five pillars to structuring our activity.

1. Culture, Skills and Capability
2. Fees and Charges
3. Traded Development*
4. New Enterprises*
5. Investment (managed within the overall Treasury Management Strategy)

**Any alterations to service delivery models and/or new enterprise development will be considered on an individual basis with a full understanding of the social, economic, financial and legal implications including state aid.*

This blueprint will provide a required statement of intent and enable a programme of works to be initiated across the organisation in bringing clarity to what we mean by commercialisation, ensure activity is supported and bring a high level of integrity and transparency so that members are assured any new ventures are fully considered and appraised.

Consultations

N/A

Implications:

Policy outline

Risk management

Rationale: Enterprises emerging as a result of planned commercial growth will follow council governance decision making.

List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A