



# Finance and Resources Overview and Scrutiny Committee

<b>Report for:</b>	Finance and Resources Overview and Scrutiny Committee
<b>Title of report:</b>	Commercial Strategy - Update
<b>Date:</b>	Tuesday 08 March 2022
<b>Report on behalf of:</b>	Councillor Graeme Elliot, Portfolio Holder for Finance and Resources
<b>Part:</b>	I
<b>If Part II, reason:</b>	N/A
<b>Appendices:</b>	N/A
<b>Background papers:</b>	N/A
<b>Glossary of acronyms and any other abbreviations used in this report:</b>	IBCs – Initial Business Cases MTFS – Medium Term Financial Strategy

## Report Author / Responsible Officer

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<b>Corporate Priorities</b>	<ol style="list-style-type: none"> <li>1. A clean, safe and enjoyable environment.</li> <li>2. Building strong and vibrant communities.</li> <li>3. Ensuring economic growth and prosperity.</li> <li>4. Providing good quality affordable homes.</li> <li>5. Ensuring efficient, effective and modern service delivery.</li> <li>6. Meeting the challenges of the climate emergency</li> </ol>
<b>Wards affected</b>	All
<b>Purpose of the report:</b>	1. To provide an update on the work to develop a Commercial Strategy.
<b>Recommendation (s) to the decision maker (s):</b>	1. To note the update.
<b>Period for post policy/project review:</b>	

## 1 Introduction/Background

Committee Members will be aware from previous agenda item that the Council is now developing a Commercial Strategy, to support its financial position and the significant funding gap currently identified in the Medium Term Financial Strategy. There is growing expectation that the Local Government Funding Review, due later this year, will confirm the need for Dacorum to become self-financing in the medium-term.

This paper provides a brief update on the progress and timelines of this work.

## 2 Key Issues

## **2.1. Consultancy Support**

Following a competitive tender process, we have engaged consultancy support from a partnership between Costain and Commercial Gov. Costain have extensive experience in delivering large scale infrastructure developments across the public sector, whilst Commercial Gov are a specialist consultancy who have helped a number of authorities to develop commercial opportunities. This should provide the Council with a valuable combination of perspectives.

This support commenced at the start of the year, and an extensive programme of meetings with SLT, Assistant Directors and Group Managers took place during the first few weeks of January. This yielded a longlist of potential opportunities, which were then appraised for deliverability and contextual fit. We are now working to prioritise these for the development of Initial Business Cases.

## **2.2. Governance Arrangements**

To support this agenda, a Commercial Board has been established, chaired by the Chief Executive. This Board is meeting on a fortnightly basis, to oversee the development of the Commercial Strategy. As the work progresses into specific initiatives, this Board will monitor progress of implementation and realisation of the associated financial targets.

As the Board starts to monitor progress against the planned benefits of initiatives delivered through the Commercial Strategy, updates will be provided to this Scrutiny Committee.

## **2.3. Approach**

As presented previously at the December Joint Budget Scrutiny meeting, we are applying a broad scope to the Commercial Strategy and considering opportunities which could generate income and realise financial savings.

The initial list of opportunities falls into three broad categories:

- Large opportunities, which will have some complexity in their implementation, but which could generate significant financial benefits;
- Substantial service-level opportunities which, whilst focused on a particular service area, are likely to need additional resources or expertise to implement; and
- Tactical opportunities which build on existing services or capacity, and which should be achievable with existing internal skills and knowledge.

As we develop the Commercial Strategy, it will be important that we develop a portfolio of opportunities which balance the scale of opportunity, with deliverability and risk.

The external support will deliver a Commercial Strategy, underpinned by a suite of Initial Business Cases (IBCs). Further work will then be needed to develop the IBCs further into Full Business Cases, supported by detailed implementation plans.

The IBCs will also play an important role in informing the update to the Medium Term Financial Strategy (MTFS), which is due to be completed in the summer.

## **2.4. Early Priorities**

The Commercial Board is currently working with Costain to agree the full suite of opportunities which will have IBCs developed. Four initial opportunities have been selected for further exploration which are:

- Assessing the opportunity to retrofit some vehicles in the Council fleet with electric motors;
- Appraising the commercial model and deliverability of installing Solar Panels into Council car parks;

- Considering the benefits that might be realised from introducing new technology into car parking charging structures, which may also support priorities to enhance our town centres;
- Developing the business model for converting unused garages into starter commercial units, to support local businesses, as part of the proposed garage strategy.

The Committee will also be aware of a separate report setting out a proposed strategic approach to developing the garage portfolio. This is a key early milestone for the commercial agenda, which has the potential to generate additional income for the Council over the medium term.

## **2.5. Financing**

Currently this work is being funded from a reserves allocation, which was previously agreed.

It is likely that the Commercial Strategy will require further investment to generate the financial (and wider) benefits identified in the IBCs. The requirements for this will inform the overall strategy and detailed business cases will assist in the development of the MTFS. Further updates, and proposals on how to finance these, will be brought forward to Members as the detail is developed.

## **3 Consultation**

Relevant consultation proposals will be developed once the Commercial Strategy is developed and the specific proposals within it are fully understood.

## **4 Financial and value for money implications**

The Commercial Strategy will play a key role in supporting the Council's financial sustainability. Each business case will be subject to a value for money and best value assessment which will inform the recommendations and decision making as opportunities are brought forward for approval.

## **5 Legal Implications**

There are not considered to be any significant legal implications arising from these recommendations.

## **6 Risk implications**

The implementation of a Commercial Strategy will change the risk profile of the Council, and will require careful risk planning and management. Officers will bring forward recommendations during the 2022/23 financial year on work that may be required to support this. A first step in this process is the commercial training being delivered for Members on 3<sup>rd</sup> March.

## **7 Equalities, Community Impact and Human Rights:**

There are no Equality, Community Impact or Human Rights Implications arising from this report.

## **8 Sustainability implications (including climate change, health and wellbeing, community safety)**

There are no Sustainability implications arising from this report.

## **9 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)**

There are no Council infrastructure implications arising from this report.

## **10 Conclusions:**

Committee Members are asked to note this update.