

## **CABINET**

**16<sup>TH</sup> DECEMBER 2021**

### **TRADING AND ENTERPRISE BOARD – 23<sup>RD</sup> NOVEMBER 2021**

Due to the emerging coronavirus situation in the Borough, and the fact that this meeting was only due to consider one item which was almost exclusively for information, the Chairman agreed to not hold a physical meeting on this occasion and the item was circulated and agreed by email by Board Members.

The report from the Head of Environment and Land Management entitled “Commercialisation Update” is attached for information. This does include a few minor recommendations which were agreed by the Board.

**Agenda Item No:**

**Report To:** Trading and Enterprise Board

**Date of Meeting:** 23<sup>rd</sup> November 2021

**Report Title:** Commercialisation Strategy Update and Review

**Report Author & Job Title:** Mrs Tracey Butler, Head of Environment and Land Management, Sophie Stiles, Business Development Officer

**Portfolio Holder** Cllr. Neil Bell, Chair of the Trading and Enterprise Board



<b>Summary:</b>	This report considers the progress on projects currently being delivered in the project hub but also considers and reviews the councils progress on its commercialisation journey and suggests potential next steps for Members consideration
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**Key Decision:** No

**Significantly Affected Wards:** all

**Recommendations:** **The Trading and Enterprise Board is recommended to:-**

- I. Endorse the new, more inclusive definition of 'commercialisation' as outlined in the report
- II. Agree that the Strategy requires a transition from what has become a testing phase to one of greater integration within corporate culture (moving to a combined digital and commercialisation Board)
- III. Agree that KPIs reporting on commercialisation need to be reviewed to better reflect the breadth of the definition and explicitly explore different types of efficiency savings

**Financial Implications:** none

**Legal Implications:** none

**Equalities Impact Assessment:** Not required at this stage, dealt with under each project as it develops.

**Data Protection Impact Assessment:** none

<b>Risk Assessment (Risk Appetite Statement):</b>	There is a full risk assessment with each project individually in the project hub
<b>Sustainability Implications:</b>	Varied and Diverse, projects include environmental targets in action plans where possible, increased efficiency often leads to reduced resource requirements and sustainability benefits. Improved contract oversight should enable corporate level lead in purchase and supply of sustainable options
<b>Other Material Implications:</b>	N/A
<b>Exempt from Publication:</b>	no
<b>Background Papers:</b>	<b>Previous report to the Trading and Enterprise Board February 2021</b>
<b>Contact:</b>	<u><a href="mailto:Sophie.stiles@ashford.gov.uk">Sophie.stiles@ashford.gov.uk</a></u> . <u><a href="mailto:tracey.butler@ashford.gov.uk">tracey.butler@ashford.gov.uk</a></u>

## **Report Title: TEB Report**

### **Introduction and Background**

1. The purpose of this report is to update the Board on our recent review of the Strategy and our future ambitions and aspirations. It will consider how commercialisation has been adopted within the corporate culture and how this can be expanded. We have had great success in the last 6 months e.g. external recognition from APSE, awarded Finalists in the Commercial and Enterprise Category at this year's Annual Service Awards. The Garden Waste project has been hugely successful and has been integrated into standard service delivery. However, we also recognise that there has been some slow down in the delivery of other projects which will be examined further below.
2. The Strategy has, from the outset, had ambition to innovate and explore commercial integration. It accepted that challenges were anticipated and accepted as long as lessons could be learnt; the design of any service, product or strategy should be an iterative and a phased process. In response to this commitment we have conducted a successful review of our 'testbed' projects, the findings of which lead us into a second phase of integration, where commercialisation becomes part of the day to day service delivery, rather than a collection of stand-alone projects.

### **Overview**

3. The Hub Steering Group's role is to establish a framework and toolkit for 'commercial projects' to develop, drive commercial activity, communicate the concept and oversee (but not manage) project delivery on the ground.
4. This has successfully;
  - Devised a process for projects to follow to help them set up a collaborative project team with appropriate governance, project scope and objectives and ongoing project management
  - Provide business plan outlines and help to understand, define and manage risk
  - Provided training on commercialisation – covering conceptual and practical considerations. This is now available to all staff through Ashford Achieve
  - Designed and commissioned legal training for project officers on Charging and Trading Powers – delivered by Sharpe Pritchard Local Authority trading experts Rob Hann and Peter Collins.
  - Set up and managed a support Hub for project leads to share experiences and report on progress
  - Entered one of the strategy's test projects into the APSE 2021 Service Awards, where we were finalists in the Best Commercialisation and Entrepreneurship Initiative category alongside cities such as Swansea and Nottingham.

5. Over the last 12 months the Steering Group has had a unique overview of how different project set ups and collaborations can achieve success and a better understanding of what is required to move forward.
6. Originally the Steering Group was seen as the umbrella over an initial group of commercial projects and eventually it was hoped a production line, whereby new projects would come forward to be guided. The Steering Group identified a risk that this set up could inadvertently encourage commercial projects to be viewed as stand alone entities, separated from their services, with unclear boundaries of accountability which could impact on embedding commercial culture and thus speed of growth.
7. With this in mind the Steering Group felt it would be appropriate to understand the likelihood of this risk with a review of the strategy, how it is delivered, perceived, and monitored to ensure it is fit for purpose and to secure our ultimate purpose, to achieve greater efficiency and ensure further income generation / savings for the financial bottom line.
8. To undertake this review, individual meetings with project leads were conducted and a workshop with Management Team was undertaken on the corporate perspective with external analysis from David Elverson from Commercial.Gov (who helped to design the original start-up road map).

## **Internal project review**

9. Individual meetings were held in August/September with each project area to encourage feedback from project leads on how they felt their work was progressing, understand their achievements to date and any barriers to progress which the hub could assist with.

### **i. Category Management**

- Breadth of project much larger than originally envisaged. As categories have been examined, views to market have been challenged and defined, leaving the need to update some service delivery arrangements beyond that originally anticipated. As such, an additional resource has been approved to complete the delivery of this project.
- 3 category strategies signed off, 4 more in progress
- Finance has completed 18 of the 27 spend analysis, which has been excellent progress. This is a complex, considerable and demanding piece of work not only for finance but across all services who need to feedback on spend for future categorisation. This has generated the larger than expected workload for categorisation and defined route to market
- Encouraged positive collaborative working across service areas

### **ii. Contract Management**

The creation of the contract management toolkit from a paper version to a digital interactive toolkit has been a huge undertaking for both the IT development team and the procurement and contract management team. The information and direction that needed to be incorporated into this toolkit needed to not only guide those considering a new contract (from concept, to

design, procurement to mobilisation, through management and entire lifecycle) but also it needed to highlight both statutory and constitutional considerations for the user.

The final toolkit product needed to be capable of storing data on contracts as a “one stop shop” as well as being capable of generating data on progress and risks. This very extensive piece of work is now available for use and should be the first point of call when considering the need to contract works services or supplies for the council. Once fully populated it should also be able to generate additional data for contracts which helps to highlight and further manage risk.

With the completion of the contract management toolkit, the team (drawn together across services to facilitate training on all aspects of the contract management lifecycle) have begun what will become a rolling programme of contract management training.

### **iii. Lifeline**

There has been a considerable stride forwards in the digital enablement of the service. All telephone providers are having to move from analogue to digital provision by 2025. This originally meant that anyone on an analogue service would need a change of equipment to transfer to use the Lifeline service on a digital line. This would have been at our expense. However, following extensive lobbying, the impact of the move to digital telephony will now be covered by the telephone providers. Our monitoring centre has also transferred to digital ensuring that any new customers will be able to be immediately digitally enabled (as long as their telephone provider has made the change).

Additionally branding and marketing has been completed and the new web information has been written. Access to the service is now digitally enabled, making it quicker and simpler for customers to sign up to the service with a launch of the new marketing campaign being anticipated in the new year.

### **iv. CCTV**

- Commenced Project Governance documentation
- Identification of project team and scheduled regular team meetings for 2022

- Grant funding income - £550,000 safer streets
- Each violent crime costs the public purse £14,050 (as per the home office The economic and social costs of crime 2018).
- The Safer Streets funding will allow the AMC to monitor the additional cameras which are being put into areas where we know issues occur. This ensures we have better coverage of the town centre and main routes out of the town, allowing the operators to be more effective in their role.

The funding will also allow the Elwick Place cameras to be moved to our Milestone system which will mean that they can proactively monitor this location and support the police by producing review and download requests in a timely manner.

- 2 new contracts in negotiation

**v. Garden Waste**

- 4347 new customers in Yr1 2020/21
- 728 additional nos households with bins between Apr to Nov 21
- 9.22% increase in tonnage of Garden Waste in 2020/21 (from 2019/20) ensuring increased waste directed to correct stream
- 11984kg carbon saved p.a. following supplementary route optimisation of rounds.
- 18 % predicted decrease in mileage per bin collected (following contractor's route optimisation and inc. in customers along existing routes)
- 90% increase in web-based signups. 22% increase for telephone - April 2021 data
- 84% increase in Garden Waste website page views comparing Oct-Mar 2019/20 and Oct to March 20/21 due to marketing campaigns

**vi. Electrical Services**

The greatest leap forward for this service is the extensive work that nears completion on their software system. This development allows the streamlining of the booking system, greater clarification on productivity which will enable a more robust cost benefit analysis for the service against external provision. It will also enable the manager to streamline parts and ordering services and make most efficient use of staff on site deployment. This should allow a greater opportunity to forecast staff capacity and have the ability to build in new work contracted outside the core delivery of the service.

**Core Issues arising from internal commercial projects review and lessons for future delivery.**

10. Whilst significant progress has been made, some key themes emerged that needed further consideration.

**i. Resourcing** – This was seen as a key issue in the life to date of commercialisation projects. The new Port Authority, Waste Contract, Covid, Brexit, housing explosion, Safer Streets initiatives and Tree Grants/funding opportunities amongst other things all pulled resource away from focus on the strategy at key points. Conflicting priorities were regularly cited as an issue and barrier to significant progress, with the same people delivering both on commercial projects as well as other corporate priorities. Going forwards this still needs further consideration. Either funding needs to be forthcoming to back fill those on commercial projects to deliver those projects (accepting this would cause a subsequent MTFP pressure) rather than being drawn away for timely urgent / important work. Or, most likely, that commercial projects will progress more slowly than originally anticipated to accommodate the variety of demands we all face in the delivery of our services. There is clearly a tension between delivering the commercialisation projects and delivering new project agendas in services. We need to consider a transparent methodology for making priority decisions. The MTFP includes the savings / income generated from commercialisation. Therefore these have been built into and agreed for forward service planning. Where new project initiatives divert resources, there needs to be consideration and

accountability for the savings / income that is set aside and how that will be recovered to meet the MTFP.

- ii. **Commercial culture**- it was felt that there could be a better connection between 'commercial' projects and core service delivery. It was felt that commitment to streamlining and transformation as part of a new proposed definition of commercialisation, as a fundamental way of working, could be more explicit. There was a consensus however that culture change must be driven by targets and shared expectations across service areas.
- iii. **Consistency** – Whilst not all services can generate income, they can all become more efficient and contribute to wider efficiencies across services. It is considered a revised vision of commercialisation with a more encompassing definition will aid this consistency.
- iv. **Hub role and accountability** - There was some inconsistency in perceived role of the Hub – one project area felt it should have a tighter focus on performance management and overseeing project delivery. However, the existing Hub does not have management control over projects by design (to ensure the services still have control of their resources and a nudge culture change was seen as a preferable route to delivering more streamlined and commercial services under the management direction of the Hub).
- v. **Collaboration** – The Leadership and Management shown in the garden waste project particularly across services has demonstrated that such collaboration worked very effectively. Wider replication of this approach with shared goals and understanding will improve project delivery in the future.
- vi. **Project Management** – Review meetings have highlighted the benefits of using the project management toolkit provided. This has also reinvigorated understanding of value and of effective project management for managing cross departmental resources, crediting colleague input, and evidencing barriers to progress through tracking task plans, allowing those barriers to be overcome.

## Management Team review

- 11. The findings from the project reviews above were fed back to David Elverson from Commercial.Gov who led the initial commercialisation training for councillors and officers early in 2020.
- 12. The review information formed the background research to be used in a workshop held in September 2021 for Management Team entitled, "Turning plans into results – The importance of a commercial culture". The workshop considered commercialisation within the local authority setting, both conceptually and practically. It explored not only the projects that sit under the umbrella of the strategy but also the commercial activity that is already going on within the organisation and is perhaps not explicitly captured as 'commercial'.



## Recommendations from review

### Communicate aspiration in a wider definition of 'commercial'

13. There is still a perpetuating concern that Commercialisation is negative in a Local Authority context. The following broader definition, is recommended for adoption and communication.
14. **"Commercialisation is NOT just about making money. Working commercially is about using assets and capabilities to deliver outcomes in the most efficient and effective way to deliver a net benefit to bottom line finances. It is as much about avoiding costs through early intervention and prevention as it is about developing new projects."**
15. It was felt that this definition better reflected "the early intervention and prevention" that is a cornerstone of many services work, in partnership, to improve residents lives and ensuring the greatest value out of all public services.
16. This revised definition should achieve a more inclusive shared vision for commercialisation, whether in a dedicated service role or one where more explicit income generation / wider scope is possible.
17. A positive and inclusive narrative including case studies will be used in internal communications to demonstrate how efficiencies benefit all, particularly our customers.
18. Communications with staff using an Ashford language for commercialisation can help achieve the concept of a commercially astute culture as the norm.

### Development of a 'Commercial and Digital Board'

19. The Commercial and Digital agenda have some overlap, where digitisation increasingly enables commercialisation. This was first recognised in the Commercial Services Strategy in 2020 ("To increase and expand the Council's commercial vision we will require a shift in the core back office services to enable increased commercial skills and approaches within the systems and operations." )
20. It has become more apparent that to be able to move forward with income generating opportunities, digitisation and transformation needs to happen first. Although changes needed to be made in the garden waste service for better delivery, the fact that we had already undergone considerable transformation as a service, greatly assisted in the onward changes that needed to be made. Digital transformation leverages capacity release to deliver on the commercial agenda.
21. However some service areas have had to design or initiate new systems to be able to streamline service delivery and / or better understand available resources to be able to take the next step into the market place. Consequently, it is suggested that digitisation, transformation and commercialisation all needs to be addressed holisitically. This will ensure that

processes are further streamlined, digitised, enabled and fit for purpose (which in itself creates savings) before any external income generation is considered. In order to reduce duplication and recognise the collaborative roles, it is proposed one Board has encompassing oversight.

22. The Board will still evaluate new project ideas that require investment / new charging strategies but also consider if the project ambitions first have the foundations of transformation and digital enablement to ensure they can deliver on their ambitions. The integrated Board will be about ensuring commercialisation (under the new definition) is integrated into everything we do and will be led by the Chief Executive, reviewing blockages to delivery and giving strategic steer.
23. The Board will also set commercial indicators linked to the Corporate plan and have a fundamental role in performance management ensuring Heads of Service are accountable to the agenda.
24. The Hub will remain as a peer support group, providing expertise and challenge.

### **Consistency of approach – embedded commercial culture – Service planning, targets, methodology**

25. Service relevant commercial indicators will be included in annual service planning to help drive the commercial culture and shared ownership of the agenda. These can include income and efficiency targets as well as qualitative targets for innovation and exploring where preventative interventions have saved costs.
26. Whilst targets will need to reflect realistic and relevant opportunities for each service area, there must be unity in the message of collective accountability and shared recognition.
27. Using a common methodology for implementation will be key.

### **Recognising Breadth of Commercial opportunity**

28. As part of our review we recognise that there is significant work already being undertaken within the authority that is not yet being collectively captured and celebrated. Consolidation of the Council's commercial activity is identified in the original strategy and will form part of this next phase of activity. The Hub Steering Group and/or proposed new Board will achieve this with an overarching commercialisation agenda, endorsing back office efficiency reviews in alliance with digitisation objectives alongside more overtly commercial approaches, communicating positive narratives and lessons learnt through internal communications and measuring impacts through revised KPIs
29. Below is a snapshot of some of these existing examples reflecting the different means of achieving efficiency, capacity release and income generation that can be built upon by replication across services and cultural change.

## **Income generation outside commercial 'projects' – Entrepreneurial**

30. Income generation is taking place in services with the sale of services to the wider market outside of the focus of the commercialisation hub projects. In the future there will also be further income generating opportunities that also speed service delivery, for example planning performance agreements. However, the mobilisation and development of planning's new software system needs first to be embedded and current vacant post to be filled to be able to develop this opportunity (digitisation and transformation first). Nonetheless the sale of services to the wider market is underway.

Just a few examples of this are;

31. **Communications Team**  
The marketing and branding work the communications team have been doing for the Property Company as well as other outside organisations such as the Ashford Mediation Service. The pitched for work for the Infinity Development, has been very much focused around building the brand to ensure the rental values required are attained but also to ensure the tenants remain with that provider. This external work builds on the team's success with the Aspire brand, engagement in the commercial agenda and recognition of opportunity.
32. **Aspire**  
The Aspire team are working on behalf of parishes and other bodies external to the council (with whom they are permitted to trade on a cost recovery basis without the need to be a trading company). The team are commercially active and astute, seeking opportunities to grow their commercial arm to self finance purchase of machinery and "refleet" as required, without the need to come back to Cabinet for funds as fleet ages, actively reinvesting income back into service. They are on target to achieve these aspirations. They recently launched their new website to promote their full range of services for public and private contract, increasing public awareness.

## **Efficiency – preventative**

33. Commercial work as outlined by the proposed new definition of commercialisation; using assets and capabilities to deliver outcomes in the most efficient and effective way to deliver a net benefit to bottom line finances is already underway.

Examples of this include;

34. **Homelessness intervention**  
Members will be aware that we are legally required to accommodate people that present themselves as homeless for a variety of reasons. The Social Lettings Agency enables potentially homeless households, who would otherwise have to be accommodated in expensive temporary accommodation, to be offered settled housing in the private rented sector. Generally this group have a reduced ability to pay rent in advance, agency fees, or a high deposit, or to pay the escalating rental values in the private rental property market. In addition many will not pass the usual insurance scheme requirements that private landlords utilise in the private sector market. It is estimated that if the SLA did not exist and the only alternative was temporary accommodation then the net cost to the council (without staffing costs) would be approximately £1.4

million. The service aims to ensure residents are at the centre of delivery, demonstrating that preventative efficiencies and entrepreneurial initiative can create projects that truly benefit residents as well positively impacting the bottom line.

35. Cross partnership approaches - The One You shop  
Working with health partners in early prevention health work which reduces the likelihood of need for direct intervention from GPs and hospitals. This supports healthy lifestyles helps to ensure our population are able to live productive and active lives, reducing the likelihood of need to be supported financially through the benefits system. Although quantifying this intervention financially across the matrix of services that would otherwise be impacted is very difficult, the partner and user experience has been extremely positive and the informal setting continues to grow in popularity. This project has been held up as an exemplar and has been replicated elsewhere for its accessible health care provision that is informal and supportive.
36. Procurement - Aspire Fleet  
The Aspire Team completed a Fleet procurement exercise in May 2021 which was unsuccessful, mainly due to cost and vagaries in the market. Through work with the procurement and contract management team and HR, they were able to tap into the existing leased car contract for sourcing staff vehicles as this had flexibility to move over to trade. This secured them the 7 trade vehicles they required promptly but also enabled the Street scene team to secure their new dog warden vehicle into the same contract process. This has no doubt saved the Aspire and Environmental Services teams the time and resources required to complete another procurement exercise, which would likely yield the same result as the previous, as well as achieving savings by not having to pay for costly short term vehicle hire agreements as a contingency. Since then 6 of our colleagues have managed to source Trade vehicles from the same contract. We are in talks with the supplier to set each of these officers as key contacts on the contract to help ease the contract management load on the HR manager.
37. Parking RINGO  
The adoption of RINGO payment capability in our car parks has been a great success, with convenience benefits to the user and significant cash savings for ABC. The transition and resulting reduction in cash handling costs, machine maintenance contracts and staffing has equated to £42k in savings this year to date. Growth in October saw 600 new users registering sessions in our car parks, with 28,000 sessions logged this year in total. This example again demonstrates how customer centric efficiencies that benefit the user with less queuing time and convenience (61% of our car park transactions are now cashless with both RINGO and card payments) also deliver commercial efficiency savings for the Council.

Efficiency – capacity release

38. Below are just 3 examples of cross service working that are generating capacity release opportunities for our staff that benefits the corporate organisation. Staff are having the opportunity to become involved in more interesting and varied work both in their own service and across services that

would otherwise require the employment of more staff and generate an impact on the MTFP.

39. Garden Waste

The full assessment of the garden waste project highlighted that not only do we now have a system for sign up that gives customers the ability to access the service whenever suits them (amongst other benefits) we have also saved 0.2 FTE in the process. This has been redeployed on another area of work (debt recovery – ensuring further income to the council) that required additional staff time, without adding to the staff compliment.

40. A back office redesign of the allotments service, streamlined street scene services and installation of a quality management system has freed up a member of staff (to the value of 0.5 FTE) to pick up the Stanhope PFI from the retiring responsible officer. The capacity release has ensured the officer concerned has taken on a development opportunity and the organisation has not had to add to the staff compliment.

41. Port Health

The delay in the deployment of port health staff has enabled suitably qualified staff to support the Community Safety and Well being service in the recovery of statutory food inspections, post covid lockdown.

## **Conclusion and Next steps**

42. Commercialisation for Ashford Borough Council is still evolving and will continue to evolve. As this report shows, we have developed from just projects that are coming through the hub, to integration in service delivery, grasping opportunities as they arise. With our review and adjusting focus to integrate commercialisation rather than separate it, we are moving to a culture where commercialisation moves beyond just income generation, to intervention, prevention, streamlining and transformation as a cultural shift that delivers financial improvement to the bottom line.

43. With the above overview in mind we would like TEB to consider the following recommendations

- Endorse the new definition of 'commercialisation'
- Agree that the Strategy requires a transition from what has become a testing phase to one of greater integration within corporate culture (moving to a combined digitisation and commercialisation Board)
- Agree that KPIs reporting on commercialisation need to be reviewed to better reflect the breadth of the definition and explicitly explore different types of efficiency savings