

Committee: Special Cabinet

Date of meeting: 29th April 2024

Report Subject: Commercial Strategy for the Council

Portfolio Holder: Councillor Stephen Thomas, Leader and Cabinet Member for Corporate Overview & Performance

Report Submitted by: Bernadette Elias – Chief Commercial Officer and Customer
Lee Williams – Service Manager Commercial and Business Development

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Governance Audit Committee	Democratic Services Committee	Scrutiny Committee	Cabinet	Council	Other (please state)
3/4/24	4/4/24				25/4/24	29/4/24		

1. Purpose of the Report

- 1.1 The purpose of this report is to present the Council's Revised Commercial Strategy 2024 – 2027 (hereafter 'the strategy' attached at appendix 1) to the Cabinet for approval.

2. Scope and Background

- 2.1 The current Commercial strategy (attached at appendix 2), was approved in 2020 and represented the first strategy for the Council, setting out a commitment to be a more commercially minded organisation.
- 2.2 Set against the reality of an increasingly difficult financial climate for Local Government and the need to continue momentum to bring a more commercial approach to service delivery, it is considered timely to review the strategy and approach.
- 2.3 The strategy supports how the council can plan and find innovative ways to change how it delivers services to the community. It will have a fundamental role in driving further transformation and modern service delivery models for the Council as well as maximising financial efficiencies.
- 2.4 The strategy sets out a clear Statement of Intent:
- To deliver wider and better social outcomes for Blaenau Gwent through optimising our financial sustainability by managing and reducing costs, maximising use of our assets, generating more income and improving customer journeys.*
- 2.5 In response to the financial challenges the term 'commercial' is increasingly featured in Local Government approaches and the above statement remains firmly grounded in public service principles. Therefore, the strategy encompasses a wide spectrum of activity that enables a commercial approach to realise wider benefits. These include;

- Supporting local growth and community wealth building including through socially responsible commissioning and procurement, to reduce 3rd party spend and to maximise the Blaenau Gwent Pound;
- Transformation and innovation of our services – how we can do things differently and look to do different things;
- Exploring modern digital solutions such as Artificial Intelligence to transform how we do things;
- Using and maximising our assets and being responsive to commercial investment opportunities, helping to protect key services and invest in Council priorities;
- Putting the user at the centre of how we design our services and mapping the customer journey including the potential for digital solutions to provide a better offer and value for money; and
- Continuing to build our knowledge and skills and work with others to support the cultural change needed.

The Strategy is underpinned by two (2) key principles and three (3) priorities:-

2.6 **Principle One**

Develop a culture that supports the organisation to become more commercially minded.

Aim: To develop the knowledge, skills and behaviours across the organisation so that better commercial planning becomes business as usual.

2.7 **Principle Two**

Develop the organisational governance and procedures that will support commercial planning.

Aim: To set the right conditions to enable directorates to be responsive to opportunities and bring forward and progress commercial proposals for consideration.

2.8 **Priority One**

To change the way in which Elected Members and staff perceive and drive forward commercial opportunities.

Aim: Establishing a better understanding of the wider commercial spectrum including the opportunity to maximise assets and drive service innovation.

2.9 **Priority Two**

To build and embed the organisational approaches that support the development of alternative models of service delivery.

Aim: To establish a tool set and governance framework that enables the organisation to be responsive and maximise commercial opportunities.

2.10 **Priority Three**

To develop an organisational programme of proposed commercial investment opportunities.

Aim: To create a pipeline to identify, prioritise and deliver a commercial programme of projects that require investment to support the Council's Corporate Plan and Medium-term Financial Strategy (MTFS)

3. **Options for Recommendation**

To include Recommendation(s) / Endorsement by other groups, e.g. CLT/Committees/Other groups)

3.1 CLT endorsed the Strategy on 4th April 2024

3.2 Corporate Overview and Performance Scrutiny Committee considered the report on 25th April. A verbal update on the outcome of the discussion will be provided to Cabinet.

3.3 Option 1
That Cabinet approves the Commercial Strategy.

3.4 Option 2:
That Cabinet considers the Commercial Strategy and provides recommendations for changes.

4. **Evidence of how this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 The Local Government (Wales) Measure 2009 (Section 15), places a duty on all Local Authorities in Wales to make arrangements to secure continuous improvement. As part of this, the Council is required to develop a Corporate Plan.

4.2 The Well-being of Future Generations (Wales) Act 2015 also places individual duties on public bodies. The legislation is about improving the social, economic, environmental and cultural well-being of Wales and creating a Wales that we all want to live in, now and in the future. The Strategy supports these objectives and the Corporate Plan priority "an ambitious and innovative Council delivering quality services at the right time and in the right place".

4.3 The strategy is an important part of the overall governance framework including responsibilities under the Social Partnership obligations. It is aligned to other key Council plans and strategies including the MTFS, Customer Services strategy, Digital Strategy, Workforce Strategy, Regeneration Strategy, Communication Strategy and the Decarbonisation Plan.

5. **Implications Against Each Option**

5.1 ***Impact on Budget (short and long term impact)***

Whilst there are no direct budget implications associated with the adoption of this strategy, subsequent commercial activities will look to:-

5.1.1 support the Council's MTFS and Bridging the Gap programme by

- 5.1.2 maximising the use of existing assets;
- 5.1.3 controlling costs;
- 5.1.4 maximising income opportunities;
- 5.1.5 identifying and progressing commercial investment opportunities;

5.2 ***Risk including Mitigating Actions***

- 5.2.1 If the strategy is not adopted and progressed there is a risk to the financial resilience of the council.
- 5.2.2 If the business case framework is not optimised there is a potential the risk and reward for each proposal is not clear, which could hinder informed decision making.
- 5.2.3 The risks and risk tolerance level for potential commercial investment opportunities needs to be considered and understood :there is a risk that the Council is too risk averse in some of its decision making and misses a potential opportunity this will be balanced against accepting a considered level of risk to generate income from investment opportunities.
- 5.2.4 Utilising the agreed business case framework developed with the Chartered Institute of Public Finance and Accountancy (CIPFA) and where appropriate, seeking external advice to assist informed decision making and good governance, which mitigates against the risk of not being responsive enough to commercial opportunities.
- 5.2.5 Utilising a multi-disciplinary team approach ensuring that the right skill sets are able to inform and support the development of robust commercial business in a timely and responsive manner. As evidenced in a recent acquisition business case approved by Council.

5.3 ***Legal***

- 5.3.1 The Social Partnership and Public Procurement (Wales) Act embeds the principle of social partnership in the operation of public bodies in Wales. It encourages collaboration between employers, employees, and other stakeholders to enhance public service delivery and overall well-being.
- 5.3.2 Principle Two of the Strategy focuses on developing the organisational governance and procedures that will support commercial planning and the aim of Priority Two is to establish a tool set and governance framework that enables the organisation to be responsive and maximise commercial opportunities.
- 5.3.3 Internal and external advice on potential commercial investment opportunities will be sought as appropriate to complement internal knowledge and skills to assist informed decision making.
- 5.3.4 Associated procurement and commissioning requirements will be administered in accordance with the Public Contract Regulations and the Council's Contract Procedure Rules

5.3.5 The strategy will support the council to maximise existing and emerging national arrangements such as Corporate Joint Committees as appropriate.

5.4 ***Human Resources***

5.4.1 The officer SCCB will provide strategic oversight to the Council's commercial ambitions, ensuring robust check and challenge to commercial opportunities and escalation through to the democratic decision making process as required;

5.4.2 Using the officer Business and Commercial Opportunities Network to support a multi-disciplinary approach to nurture and develop commercial opportunities and ensuring we make full use of our internal skills and expertise;

5.5 ***Health and Safety***

None identified

6. **Supporting Evidence**

6.1 ***Performance Information and Data***

6.1.1 As part of the review process an assessment of progress against the objectives in the current commercial strategy was undertaken. This was presented to the SCCB in March 2023, as part of the check and challenge process.

In summary, of the 26 listed ambitions, 9 were considered as being achieved, 16 as being progressed and 2 as requiring further work; both of which related to the identification and progression of investment opportunities, which have been achieved following the development and adoption of the Commercial and Business Case Framework.

6.1.2 Work to progress a strong governance framework has included;

- A Socially Responsible Procurement Strategy adopted by Council April 2023;
- Vigorous Contract Management arrangements to reduce expenditure across all areas of business;
- The officer Strategic Commercial and Commissioning Board (SCCB) terms of reference and focus has been refreshed;
- The SCCB is supported by the Business and Commercial Opportunities Network which has reviewed its terms of reference and focus as part of a Wider Corporate Leadership Team session in February 2024;
- The Business Case Model developed with CIPFA is in place and used for proposals to support the MTFS and Bridging the Gap programme;
- Redevelopment of ICT platforms to make digital transformation an integral part of our approach to providing high-quality cost-effective services as part of the recently agreed Digital Transformation Strategy;
- Utilising customer journey solutions to realise service efficiencies, whilst maximising customer engagement as part of the recently agreed Customer Service Strategy;

6.1.3 Key activities under each priority are set out in the strategy. Following approval of the strategy by Cabinet these will be underpinned by action plans and key performance

information to monitor progress and impact. Work is currently underway to develop this information which will capture both qualitative data insight and quantitative metrics.

6.2 ***Expected outcome for the public***

6.2.1 Using and maximising our assets and being responsive to commercial opportunities, thereby helping to protect key services and re-investment in Council priorities and supporting its financial resilience.

6.2.2 Putting the user at the centre of how we design our services and mapping the customer journey including the potential for digital solutions to provide a better offer and value for money.

6.3 ***Involvement (consultation, engagement, participation)***

6.3.1 A range of activities to supporting staff and Member learning and development has been delivered including external support via SOLACE and CIPFA including:

- Creating & managing an Entrepreneurial Council workshop held with Cabinet/CLT (September 2022);
- Hosted a series of staff workshops with service managers from all directorates to develop understanding of wider commercial skills (September 2022);
- Engaged with the TU and the Welsh Government (WG) Social Partnership team as part of the development of the new procurement strategy (2022). A Corporate Leadership Team and TU session on Social Partnership facilitated by the WG team is planned for May 2024;
- Engaged with Cwmpas who held a workshop focusing on social value and *buy local buy social* to support our foundational economy (March 2023);
- Business case training sessions for staff delivered with CIPFA (June 2023);
- Practical sessions with staff held to consider worked on outline business cases (June 2023);
- Facilitated session with members of wider CLT to further develop our thinking on developing commercial investment pipeline opportunities (October 2023);
- Elected Member Session on what commercial means for the council (September 2023) ;
- Wider Corporate Leadership Team engagement on our proposed approach for the strategy (November 2023)
- Wider Corporate Leadership Team session on a review of terms of reference for the business and commercial opportunities network

6.3.2 Desktop research undertaken on other LA's strategies and the 2022 Audit Wales report on commercialisation in local government. Recommendations from the latter have been considered as part of the strategy review.

6.3.3 Public consultation undertaken as part of the recent budget setting process aligned to Bridging the Gap proposals.

6.4 ***Thinking for the Long term (forward planning)***

6.4.1 The strategy looks to future proof the council approaches supporting financial resilience including recognition of;

- Increasing public and customer need;
- Broader public sector integration;
- Shift in public expectation;
- Far better utilisation of public sector assets;
- Significant reduction in public funding;
- Digital solutions supporting innovation in service delivery;
- Developing internal commercial skill sets to support commercial ambitions;

6.5 ***Preventative focus***

- 6.5.1 Use of accurate and timely market intelligence data to influence sourcing activities;
- 6.5.2 Using a multi-disciplinary approach to support the development of robust business cases;
- 6.5.3 Established governance arrangements providing effective 'check and challenge' on potential commercial opportunities;
- 6.5.4 Through our customer-centred design approach we will consider each element of a process and how customers use our services;
- 6.5.5 Improved use of data, better engagement and collaboration will allow us to join up services to remove barriers between organisations so that customers can easily access what they need, supporting behaviour change where possible;

6.6 ***Collaboration / partnership working***

- 6.6.1 Working with a range of external partners has supported the development of commercial approaches including via WLGA, SOLACE, CIPFA, WG and Cwmpas.
- 6.6.2 Focussed learning and development opportunities has enabled the organisation to build internal skills and knowledge to support the development of future commercial opportunities across directorates.
- 6.6.3 Connected with WG commercial lead and developed a commercial workstream in the WLGA network;
- 6.6.4 The strategy will be shared with key partners to support working towards a more joined up public services experience for customers.

6.7 ***Integration (across service areas)***

- 6.7.1 The strategy sets out a clear statement of intent which will require a whole organisational approach to develop and maximise commercial opportunities in a range of ways.
- 6.7.2 Being more commercially minded is a whole organisational responsibility and the strategy recognises the need to develop and embed the right mind-set to fully enable this.

6.8 ***Decarbonisation and Reducing Carbon Emissions***

- 6.8.1 Commercial ambitions and opportunities will be progressed via the established commercial framework, which will consider the Council's Net Zero and Climate Emergency requirements on a project by project basis;
- 6.8.2 Associated procurement and commissioning requirements will be sourced in accordance with the Council's Socially Responsible Procurement Strategy;
- 6.8.3 Utilisation of digital solutions where appropriate also supports the wider decarbonisation agenda;

6.9 ***Integrated Impact Assessment (IIA) (All decisions, policy reviews or policy implementation will now require a completed Integrated Impact Assessment) To note a screening template no longer needs to be completed***

IIA included at appendix 3

7. **Monitoring Arrangements**

- 7.1 ***State how the work will be monitored e.g. through scrutiny or directorate performance management arrangements***
- 7.1.2 Following approval, key performance information to measure impact in delivering the strategy will be established and used to provide updates through the democratic process;
- 7.1.3 Information will be included in the quarterly Joint finance and performance report, which is part of the committee forward work programme, including an annual quarter 4 position;
- 7.1.4 It is proposed a midpoint review of the strategy be undertaken;
- 7.1.5 Exception reporting to SCCB on a quarterly basis;

Background Documents /Electronic Links

- Appendix 1 Commercial Strategy 2024 - 2027

- Appendix 2 Commercial Strategy 2020 - 2024

- Appendix 3 IIA