

MUNICIPAL YEAR 2018/2019 REPORT NO. 91

MEETING TITLE AND DATE:

Cabinet – 17 October
2018

REPORT OF:

Commercial Director

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Agenda – Part: 1

Item: 9

Subject: Commercial Strategy

Wards: All

Key Decision No: 4742

**Cabinet Member consulted: Cllr Ahmet
Oykener**

1. EXECUTIVE SUMMARY

Enfield like many councils is facing the difficult challenge of managing funding reductions, coupled with increasing demand for essential services.

The need for local authorities to adopt a more holistic, entrepreneurial and innovative approach to stimulate income generation is essential.

If a more commercial approach can be successfully implemented by the council, it can play a significant role in helping to sustain the service provision that meets local need and simultaneously can add wider value that will boost growth, support vulnerable communities and protect the environment.

The Commercial Strategy – ‘Securing Enfield’s Future’ sets the vision for Enfield to be a resilient, innovative and enterprising Council delivering sustainable services that meet resident needs. It seeks to embed an innovative and more commercially aware approach to how we deliver services with partners in a way that will benefit our residents. It is characterised by an inclusive, dynamic and transparent approach to how income generation and the ongoing pursuit of value for money in a changing environment can help secure the long-term delivery of services that are critical to our residents.

2. RECOMMENDATIONS

2.1 Cabinet are requested to note the draft minutes of the Overview and Scrutiny Committee which will be tabled at the Cabinet meeting.

2.2 Cabinet are asked to approve the Commercial Strategy (appendix 1), plan on a page (appendix 2), and the indicative year 1 pipeline (appendix 3)

3. BACKGROUND

- 3.1 Since 2010, Government support to all local authorities has reduced substantially. By 2019/20, the amount of funding Enfield Council receives from Government will have reduced by over £100m since the turn of the decade.
- 3.2 This is presenting local authorities like ours with a degree of challenge unparalleled in modern times. In response, Enfield Council is transforming its approach to service delivery, to help rebalance its budget and make the greatest difference to our residents. This is an opportunity to review what the Council does, how it works and what is prioritised.
- 3.3 As austerity continues a new, more agile, innovative and commercially aware operating model is required to ensure limited resources are used to leverage maximum value and create a financially sustainable organisation that meets the changing needs and expectations of residents. We are aware that business as usual is not an option and that all areas of the council will be moving toward an approach that is more mindful of how service delivery can be innovatively shaped to deliver sustainable and positive outcome for our residents.
- 3.4 This strategy sets out how the local authority will take a holistic approach to stimulate the innovation and enterprise from within and working with our partners that will play a key role in securing future service delivery. It is vital that this culture is nurtured within the council to ensure the robustness of the local authority, forming a fundamental part of how we plan and do business in the coming years.
- 3.5 As a resident focused, public service organisation we are committed to making increased commercial acumen a part of how we conduct business to deliver positive social outcomes. It is imperative that we use all our combined skill and effort to deliver services that can meet evidenced need and help to address inequality in our borough.
- 3.6 The strategy benefits from knowing that the principles contained within, if applied correctly, can deliver the sustainable income streams to positively affect social outcomes by adding to organisational robustness. Our starting point is building on what works. The portfolio of emerging trading companies has shown what is possible when we empower staff and take measured and informed risk. This has helped build the organisational confidence we need to enable future as we seek to roll out a more innovative and enterprising approach out across the organisation in the years ahead.
- 3.7 The creation of a new Commercial Board, a key aspiration of the strategy, will augment current thinking, coordinate support and empower staff to look afresh at how deliver services and meet

resident's needs. The introduction of a new, transparent 'rolling pipeline' approach to considering innovative proposals, will give the added organisational robustness and challenge needed when considering new commissioning activities. It will provide the weight and scrutiny to ensure future delivery and whole council outcomes are realised; rewarding those who see opportunities in taking calculated risk and increasing the acumen within the local authority.

3.8 The Commercial pipeline follows the core focus of the strategy and themes of;

- Assets and investments
- Contract management
- Income generating services
- Trading companies
- Traded services
- Procurement & Commissioning

3.9 Appendix 2 is an indicative year 1 pipeline, which focuses on getting the foundations in place for the Council to be more commercially aware, maximise the use of its existing resources, whilst also developing opportunities for future growth to support a sustainable budget.

3.9 This new strategy will provide a great organisational asset to the local authority, embedding a commercial mindset and innovative approach to service delivery and future business planning which will form a key element in securing the future delivery of high-quality outcomes for our residents.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 Not to have a Commercial Strategy and to rely on alternative approaches to meeting local needs with fewer resources

5. REASONS FOR RECOMMENDATIONS

5.1 The successful adoption of the strategy will deliver multiple benefits including:

- Developing new, robust and measurable incomes streams to support services and rebalance the budget
- Initiate an environment where staff think collaboratively and imaginatively to deliver new ways of service delivery to meet resident needs

- Increasing the robustness of the organisation and its collective acumen to ensure long term organisational evolution and prosperity
- Providing a robust and inclusive approach to support decision making processes that will drive future council ambitions
- Create a deeper, more effective understanding of our assets and their future applications
- Inspire staff by embedding a forward thinking, opportunity focused mindset that can drive wider culture shift and make a positive difference
- Increase transparency and accountability as to how we do business
- Build organisational strength by investing in the skills and resilience of our own workforce to reduce costs incurred from seeking external support

5. COMMENTS OF OTHER DEPARTMENTS

5.1 Financial Implications

The 2019/20 financial year will be the ninth year in which local government has faced significant funding reductions. Enfield Council's core government funding has been reduced by over 50% since 2010/11, a cash reduction of £100m. Over this period, increasing service demand has created significant budgetary pressures. 2019/20 is also the final year of the four-year settlement, and the financial outlook beyond then is uncertain.

A target of £18m of savings/income generation has been set for 2019/20. The target has been set at £18m to manage the projected budget gap, the additional cost pressures identified in the outturn report, and over time to reduce reliance on one-off sources of funding, such as using capital receipts to fund transformational work. The aim is to create a sustainable and financially resilient medium term financial plan which will enable us to provide reliable and dependable services for our residents.

The outcomes of implementing the Commercial Strategy and adopting a more commercial approach to what we do and becoming more entrepreneurial and innovative in finding solutions will contribute towards the financial aims, pressures and targets that the Council face as described above.

5.2 Legal Implications

The general power of competence in s.1 (1) of the Localism Act 2011 states that a local authority has the power to do anything that individuals generally may do provided it is not prohibited by legislation and subject to Public Law principles.

In addition, under section 111 of the Local Government Act 1972 the Council has the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The proposals within this Report are in accordance with these powers.

The Council will need to ensure that the implementation of any proposals under the Commercial Strategy complies with existing legislation, including but not limited to local government and procurement legislation, and also with the Council's own Constitution

6. KEY RISKS

None identified

7. IMPACT ON COUNCIL PRIORITIES

7.1 Good homes in well-connected neighbourhoods

The Commercial Strategy supports the creative delivery of good homes and the well-connected infrastructure. Both in terms of housing provision and wider impact and linkages to the local economy

7.2 Build our local economy to create a thriving place

The Commercial Strategy will have a positive local economic impact and create a lifetime of opportunities in Enfield.

7.3 Sustain strong and healthy communities

Our residents and communities are at the centre of what we do. This means to have a positive impact we will have a greater insight into our residents and will make informed decisions on where we prioritise our work – linked to need and available income

8. EQUALITIES IMPACT IMPLICATIONS

8.1 Local authorities have a responsibility to meet the Public Sector Duty of the Equality Act 2010. The Act gives people the right not to be treated less favourably because of any of the protected characteristics. We need to consider the needs of these diverse

groups when designing and changing services or budgets So that our decisions it do not unduly or disproportionately affect access by some groups more than others.

- 8.2 Corporate advice has been sought in regard to equalities and it is recommended that a Predictive Equalities Impact Assessment be undertaken on the proposed new Commercial strategy to ensure that the service continues to benefit the community and is fully accessible particularly by those in the protected characteristic groups.

9. PUBLIC HEALTH IMPLICATIONS

9.1 There are 3 aspects that the Commercial Strategy and Board will be able to consider and take advantage of in order to improve health:

- As income has reduced and continues to reduce a commercial focus should allow LBE to better support services to vulnerable residents.
- An overview should provide efficiencies and savings through avoiding savings in one department costing more in another. This principle should also apply between public sector organisations.
- The Board will be able to take account of the impact of commercial and other LBE activities on the environment. The environment is ultimately the greatest asset the Council and residents have, it will not be in anyone's interest if its long-term prosperity is lost for short-term commercial gain.

10. PERFORMANCE IMPLICATIONS

The Corporate Performance Team are supporting Commercial Services to create and embed a robust performance management framework which enables the services to monitor effective delivery of the Commercial Strategy.

Background Papers

Appendix 1 – Commercial Strategy

Appendix 2 – Commercial Plan on a page

Appendix 3 – Commercial Pipeline - Year 1