

Outline Commercial Strategy and Work Plan 2018 - 2022



Introduction

The Council's last Commercial Strategy was produced in 2013 and reviewed by a Scrutiny Panel, in October 2014. The broad outcomes of both the Strategy and the Panel were for the County Council to provide direction and a commercial focus to those services that traded predominately with Schools.

Leicestershire Traded Services (LTS) was subsequently created by bringing those services in Corporate Resources together, creating a new brand and introducing a commercial approach involving sales, marketing and regular financial reporting. In 2017/18 LTS increased the contribution it makes to the County Council by £900k. It has a target to increase the contribution it makes from trading by £2m by 2020.

However, the financial position for the council continues to be challenging, as the Council is required to deliver more efficiencies, whilst remaining as one of the lowest funded councils in the country. We know that the funding gap for the Council is likely to grow and social care spending continues to absorb a rising proportion of Council resources. Our current predictions estimate that we will need to deliver additional savings of around £ 50m over the period 2018/19 to 2021/22.



Why do we need a Commercial Strategy?

This strategy has been developed to increase the pace of change, to increase the impact that trading income has on the Council's budgets and to support the Council's vision to become more sustainable, modern and effective.



Where are we now?

We undertook a facilitated review of the Council's approach to commercialism and its findings were:

- There is a mixed ambition to trade and be commercial.
- There is an opportunity to apply a more consistent approach to pricing and costing models to improve margins.
- The Council could develop a holistic view of its customers and which services they buy from the Council.
- Services are focused on cost reductions as a means of achieving financial targets as opposed to trading.
- Across the Council there is a lack of understanding of the role of LTS and whether all commercial activity should transfer into LTS or remain within departments
- There is a lack of a commercial framework with guiding principles that support commercialisation including, for example, impact on terms and conditions and a two-tier workforce, investment to support commercial trading, and the use of alternative service delivery models.

Our Commercial Vision

‘The Council has an ambition to be a major and profitable provider of services locally and nationally to both the public and private sectors. Surpluses will be used to offset reductions in government funding and re-invested in local front line services to meet the needs of local people and businesses in Leicestershire. In doing so it will invest to ensure it has the right capacity and capability and commercial culture that is cost and risk conscious, customer focused and innovative.’



We will achieve this vision by:

Embedding Commercial Awareness and Skills – training and development for managers, commercial skills added to leadership competency frameworks and a toolkit for service reviews.

Enhancing current trading activities – investing in trading areas to build on the success of LTS, applying similar models of financial control, costing, product development, sales and marketing across the Council.

Developing new models of service delivery – examining options for different models of service delivery, trading and joint ventures.

We will create a small Commercial Development Team which will work alongside departments and the Transformation Unit to deliver programmes of work.

We will create a Commercial Delivery Board to oversee the Councils’ commercial activity and monitor the delivery of this strategy.

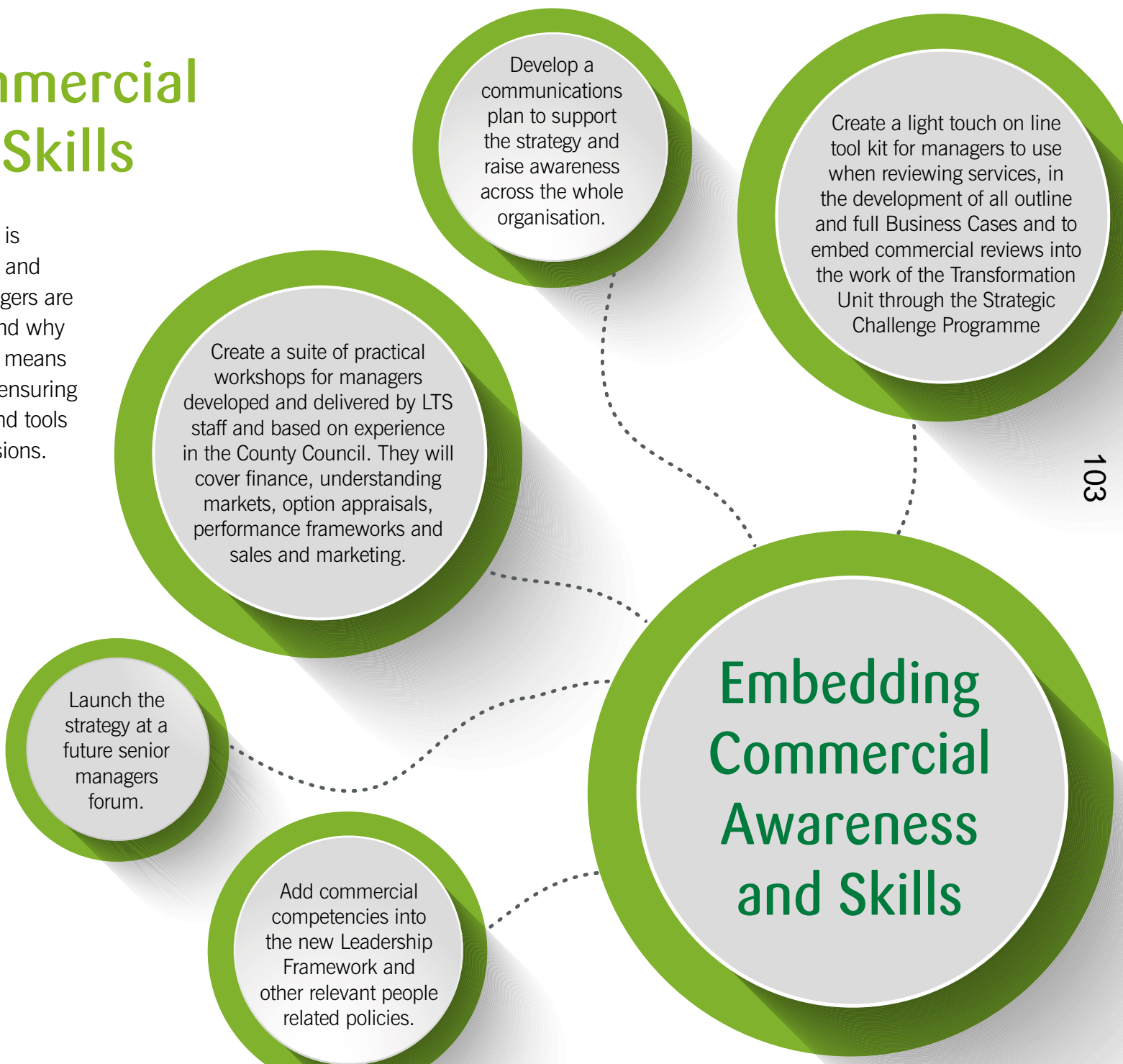
We will produce a Commercial Strategy Annual Report which will be considered by Cabinet and Scrutiny in June and subsequently update the Strategy as required.

A detailed programme of activity along with milestones and outcomes will be developed over the coming months and presented to the first meeting of the Commercial Delivery Board for agreement in September 2018.

Embedding Commercial Awareness and Skills

In order to create a commercial culture that is cost and risk conscious, customer focussed and innovative we need to make sure our managers are aware of the commercial strategy, understand why we want to be more commercial, what that means for them and get them to buy into it before ensuring that they have the right skills, knowledge and tools to be confident in making commercial decisions.

In order to do by September 2018 we will:



Enhancing Current Trading Activities

Leicestershire Traded Services is made up of catering services, property services, the music service and professional and business services including HR and its customer base is predominantly Schools and Academies. It increased the contribution it makes to the County Council by £900k in 2017/18 through a combination of new sales, cost and supplier cost reductions. It is targeted to increase its contribution by £2m by 2020.

Over the past 2 years these services have undergone significant cultural change in terms of understanding cost, financial management, reporting and focussing on sales and marketing.

There are many other services that already trade across all departments of the County Council such as highways, heritage and services to schools and this element of the strategy aims to review and improve current trading operations as well as build on the achievements in LTS. We will begin this work by working with departments to:



We will pilot this approach in Highways Development Work & Services to Schools and then develop a programme of work from the services listed below through a ‘Dragons Den’ process to identify the areas with most potential.

	Chief Executives	Environment and Transport	Children’s and Family Services	Adults and Communities
Enhancing current trading activities	Legal Services Trading Standards Registrars Planning BI	Ash Die Back Vehicle access Street lighting Winter maintenance Taxis Network intelligence Highway Development Work	Fostering Services to Schools First Response	Adult Learning Heritage Creative Learning Short Breaks Direct Payments Low cost care

- We will also:
- Develop a cross council programme of reviews by September 2018
 - Report performance to the Commercial Delivery Board

	Corporate Resources	Public Health	EMMS
Enhancing current trading activities	Commissioning ICT Audit TU Insurance Pensions Communications and Design	Existing LTS Services eg: HR L and D Leamis Catering Property	School based support Development of Consultancy offer (after initial evaluation) Health Impact Assessment (after initial evaluation) Finance Payroll

Developing new models of service delivery

There are a number of potential areas where there may be both financial and non-financial advantages gained by forming different trading vehicles, joint ventures or partnerships or insourcing some services. In discussions with Chief Officers a number of potential areas for examination have been identified.

Our aim is to maximise the advantages of developing new models of service delivery. We will do this by supporting departments in researching and developing new models in Highways development work, Reablement and Residential Care and the Children's Services Partnership.

This will build on the work departments have already completed in these areas. It will involve input from both departmental specialists and a number of Support Services. The aim is to identify a clear direction of travel in Highways and Adults Services by Autumn 2018. Commercial Specialists and the Transformation Unit will be available to support the development of commercial projects that arise from the proposed Children's Services Project.

