

Warwickshire County Council Commercial Strategy



Introduction



Cllr Izzi Seccombe OBE
Leader of Warwickshire
County Council



Cllr Peter Butlin
Deputy Leader and Portfolio
Holder for Finance and Property

As a Council we want to make Warwickshire the best it can be, sustainable now and for future generations.

Warwickshire is a great place to live and work. The Council is changing to meet the evolving needs of its citizens and communities and we will need to maintain the rapid pace and ambitious scale of change over the coming years to exploit the opportunities as they arise and ensure we future proof our services.

Our challenges relate to rising demand, increasing complexity of need, ongoing pressure and uncertainty about our future resources. We are also committed to addressing the climate change emergency the Council declared in July 2019.

We are building from a strong financial base and a strong ethos of working in partnership with our communities and our public, private and third sector partners; this commercial strategy, our first, signals our ambitions to use commercialism to help sustain our strong financial position while maximising wider outcomes for the people and communities of Warwickshire.

We do not aspire to be commercial for the sake of being commercial; for us, commercialism has a sole purpose which is to make Warwickshire the best it can be, now and for future generations. This strategy sets out our approach to maximising value through more commercial approaches.

As a forward looking council, we will focus on enabling commercialism through a more productive culture, optimising our existing traded services and investments, and, subject to robust business cases, investing in new opportunities. We will consider social, economic and environmental factors when we assess commercial opportunities.

Members and staff are up for the changes and opportunities arising from this commercial strategy, and I look forward to seeing them take forward this ambitious blueprint for developing a more business-like, commercial culture.

1.

The Purpose of our Commercial Strategy

Warwickshire County Council (the Council) has a clear vision: to make Warwickshire the best it can be, now and for future generations, by focussing on three outcomes:

- Warwickshire's communities and individuals are supported to be safe, healthy and independent;
- Warwickshire's economy is vibrant and supported by the right jobs, training, skills and infrastructure; and
- making the best use of our resources.

There are, however, challenges to achieving this vision and outcomes. The Council faces pressures from increasing demand for services, further constraints on our resources and an increasing reliance on generating our own revenue.

The Council has declared a climate change emergency and is developing plans to achieve carbon neutrality. We recognise the need to reduce our environmental impact to safeguard the interests of future generations.

To meet these challenges, the Council needs to work in an innovative and different way to leverage maximum value and create a

financially sustainable organisation that meets the changing needs and expectations of residents and enables us to deliver excellent services. At the same time we will look to manage demand through timely intervention and a strong focus on investing in prevention.

Our new commissioning and delivery focussed operating model encourages us to use commercial thinking to improve outcomes. This new operating model is removing traditional silo working, driving a 'one Council' approach and encouraging delivery with our partners. The Commercial Strategy is intended to reinforce these new ways of working.

We have an opportunity to support future funding needs through the development and implementation of commercial behaviours and practices in the way we work. We will be seeking to increase income streams into the Council to reduce the amount of financial savings it will need to make, which will in turn help the Council invest in priority services.

We will be a Council with commercial activities and not a commercial venture with Council activities

We will encourage innovative and creative solutions to the challenges we face. This shift in culture across all the Council's activities will drive the identification and exploitation of new opportunities to enhance our delivery of outcomes through commercial projects that generate income and make more effective use of resources. Our implementation plans will build on our existing strengths and address the areas we need to develop.

We will develop a commercial culture and the pursuit of increased financial returns will be aligned to and integrated with our Vision and Values. We will be a Council with commercial activities and not a commercial venture with Council activities. We will take the "best bits" of commercial culture and working practice and use them to reinforce and strengthen our public sector ethos. We will not pursue increased financial returns at the expense of our social and environmental priorities.

We will work to a broad definition of commercialism:

Optimising our financial sustainability by generating more income, reducing costs and maximising use of our assets: through investment in projects that provide good financial returns, enhancing our traded services and taking a commercial approach to management of costs and assets

Doing this in a way that delivers wider outcomes for Warwickshire: commercialism is not an end in itself; as a County Council, our strategic role makes commercialism a key lever for our role in shaping Warwickshire as a great place to live, work and do business, and to maximising social impact and outcomes.

The Commercial Strategy will support delivery of the Council Plan over the next 5 years and beyond. The Commercial Strategy and its accompanying documents will be reviewed and refreshed annually under the oversight of the Commercial Board (see section 6 below).

We have agreed the following principles to drive delivery of this strategy:



2.

Our Current Commercial Performance, Capability and Culture

The Council has considerable strengths, not least of which is the appetite in the organisation to change and become more commercial. There is also a high degree of self-awareness and appreciation of the size of the challenge of doing so.

The Council is not starting from scratch and has a current strong presence in providing traded services including a successful Local Authority Trading Company.

This strategy will help us build on our existing strengths, tackle the areas we need to develop and exploit our opportunities to meet our financial and demand challenges by making the very most of the resources available. These include:

- **Our staff:** the skills and commitment of staff;
- **Our partners:** our partnerships with other organisations;
- **Our finances:** the finances available to us;
- **Our assets:** the buildings and properties that we own;
- **Our contracts:** the contracts that we let and manage;
- **Our trading:** the services we already trade; and
- **Our investments:** our existing portfolio of investments.

The Council has considerable strengths, not least of which is the appetite in the organisation to change and become more commercial.

3.

Our Commercial Objectives

The strategy has three objectives:

To enable a more commercially focused organisation: we will help our staff to become more commercially focussed by providing targeted skills and training, embed commercial skills into our recruitment and development programmes to increase capacity and developing a strong commercial culture

To optimise our commercial performance: we will improve our work in areas such as: contract management and procurement, managing property and land, traded and charged for services and our portfolio of assets and investments

To invest in new commercial opportunities: we will invest in opportunities that bring financial returns, as well as social environmental and wider economic benefit

4.

Enabling a more Commercially Focused Organisation

We will develop a more commercial culture. We will build our skills, streamline processes, accelerate decision-making and develop a more risk-aware and less risk-averse approach to commercial opportunities without detriment to good governance. Five strands of activity will build our commercial capability, capacity, culture and confidence. We will:

Roll out a commercial learning and development programme:

We will develop a commercial learning and development programme which will form part of our leadership development programme.

Develop a commercial culture:

Using the independent analysis that has informed this strategy, we will establish a project specifically to develop a more commercial culture. This will involve a series of concrete steps to change mindsets, encourage commercial behaviours, celebrate commercial successes and apply learning from all commercial activity.

Build our commercial capacity:

We will design the structure and skills required by a new commercial team. Across the Council, we will build commercial skills into our recruitment processes, particularly in areas with the most substantial commercial focus.

Support new commercial ideas and innovation:

We will ensure there is effective horizon scanning for new commercial opportunities, including bidding for grant funding, and ensure there are effective channels for staff to suggest new commercial ideas.

Increase capacity to apply for and secure grant funding:

We will develop a strategic approach to identifying and successfully bidding for grant funding to deliver Council outcomes.

5.

Optimising our Commercial Performance

We have a successful history of commercial activity, investment and the provision of traded services. To deliver our objective to enhance our performance, we will:

Maximise returns from existing traded services:

We will review all current trading activities to identify opportunities to maximise potential returns, identify other trading activities and bring them in line with the commercial operating policy. We will achieve returns in line with targets for the new commercial team.

Deliver increased value and financial savings through more effective contract management and procurement:

Increasing the value we achieve through our commercial contracts and strategic procurement is one of the most significant commercial opportunities for the Council. To drive a more strategic approach, we have centralised contract management and procurement which is working to deliver ambitious savings targets as part of our transformation programme.

Increase returns from our existing property, land and investments:

The Council is developing a new asset management strategy and its approach to strategic asset management. In developing these documents, we will identify specific objectives to increase returns. We will also review the Council's existing financial investments and shareholdings to identify opportunities to improve returns.

Innovate in our approach to debt collection:

Innovating in the Council's approach to debt collection, both to reduce Council debts and adopt a more targeted, supportive, ethical and effective approach.

6.

Evaluation and Governance

We will use three criteria to evaluate and forecast the impacts of investment activities set out in this strategy: Social, Environmental and Economic.

Social Factors - these will include consideration of:

- clear, demonstrable links to the delivery and support of the Council's core purpose (to make Warwickshire the best it can be) and contribution to improved outcomes;
- the number of individuals and communities in Warwickshire impacted; and
- the number and magnitude of the impacts.

Environmental Factors - these will include consideration of:

- net carbon dioxide emissions reduction / increase;
- changes to the natural environment through land use / enhancement including changes to biodiversity and habitats;
- changes to flood risks; and
- air quality impacts.

Economic factors - these will include consideration of:

- investment required;
- revenue and capital costs and returns over time;
- movement in net asset value over time (where applicable); and
- impact on the local economy and local businesses.

We will create a Commercial Board which will oversee the pipeline of investing opportunities to ensure our approach, across a wide portfolio, will deliver the impacts and outcomes required. We will commission appropriate external expertise to support projects during their various stages, especially for higher risk, higher value commercial projects. The Commercial Board will oversee recommendations for new investments and commercial projects, for decisions by the appropriate officer or member body.

The Commercial Board will oversee the delivery of the Commercial Strategy and oversee the management of commercial risks. The approach to commercial risks must be balanced against potential opportunities and reward with an emphasis on being risk aware, not risk averse. Risks for individual commercial projects will be aggregated to present a complete risk profile for the Council in commercial matters and control the Council's overall exposure to commercial risk.

The Commercial Forward Plan will set out detailed targets over varying time periods. Progress against these targets will be reported to the Commercial Board and will align to corporate reporting requirements.