

Report to: Budget Panel
Date of meeting: 6 September 2016
Report of: Head of Finance
Title: Commercial opportunities for the Council
Nature of Report For discussion

1.0 Introduction

1.1 Last October, the Director of Finance brought a report to this committee. A copy of this report is reproduced at Appendix 1. Budget panel has asked for a further update on commercialisation within the Council.

1.2 In February this year, the council received an indicative four-year settlement, which demonstrated that the Council would face increasing financial pressures which, although they may be offset temporarily by use of reserves, are not sustainable in the long-term. Therefore the Council needs to seek ways of providing its services in a more commercially nuanced way to remove its dependence on central government funding.

2.0 Progress to-date

2.1 During the past few months, the Council has carried out the following activities to increase its income and return on its capital resources:

- Established the Property Investment Board (PIB).The PIB was established to enable the council to rationalise its investment property portfolio and then acquire new assets to enhance their return. Since January, the PIB has agreed and actioned the disposal of many properties which required maintenance and management in excess of the value as a rental asset. This has generated substantial receipts which have been re-invested in a higher returning and better quality investment asset.
- Created a joint venture company to work in partnership with Watford Community Housing Trust in order to alleviate some of the pressures on temporary housing and homelessness and also to generate a return on our assets in the form of new affordable and market rate housing.
- The Council has invested in the Health Campus and the Watford Business Park both to regenerate and develop the economic potential of these areas, but also to increase the financial return for the council from them.
- Council will continue to investigate the level of discretionary fees and charges and whether these can be increased. There will always be a local economic and/or political considerations to be taken into account in these decisions.

- Finally, the Council continues to identify benefits from the increased use of outsourcing and shared services.

3.0 **Future developments**

- The Council is establishing a 'commercialisation group' drawn from various fields of expertise across the council to ensure that the concept of commercialisation is embedded in all the Council's future decision making. A briefing on this is being taken to the Council's Leadership team at the end of August.
- Council officers are attending various external seminars and briefing sessions on commercialisation and the opportunities for income improvement. This will widen the knowledge base within the council and allow development of innovation and best practice around commercialisation
- As part of the internal audit programme an advisory review has been commissioned through SIAS from BDO (a private audit firm) to look at opportunities for the Council to benchmark against other authorities to further enhance its commercial activities.

4.0 **Decision Required**

4.1 Not applicable. Discussion and information paper only.

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Appendix 1 – Director of Finance report for Budget Panel – 27 October 2015