

PART A

**Report to:** Cabinet  
**Date of meeting:** 6 November 2017  
**Report of:** Alan Gough, Head of Community & Environmental Services &  
Andrew Cox, Head of Service Transformation  
**Title:** Watford Borough Council Commercial Strategy

1.0 **Summary**

1.1 The Council's Corporate Plan and Watford 2020 Programme both recognise the need for the council to be a more commercial organisation. This is both as an enabler to improve service delivery and organisational efficiency and a key component of our financial strategy to address the financial gap that will be caused as a result of the government's removal of the Revenue Support Grant by 2020.

1.2 The Commercial Strategy, attached at Appendix A, sets out how the Council, being innovative, bold and entrepreneurial, will continually challenge itself to improve performance, reduce costs and generate income.

2.0 **Risks**

2.1

<b>Nature of Risk</b>	<b>Consequence</b>	<b>Suggested Control Measures</b>	<b>Response</b> <i>(Treat, tolerate, terminate, transfer)</i>	<b>Risk Rating</b>
The council may not have the required expertise or capacity within the existing team to deliver the objectives of the commercial	Delivery of the strategy would be constrained.	Develop an understanding of resource requirements and an approach to providing the required resource. Solutions will be considered by Leadership	Treat	6

strategy.		Team to identify where additional expertise may be required and how to resource it.		
Residents in the borough do not accept the requirement for the organisation to become more commercial for the purpose of revenue generation.	Damage to the council's reputation or requirement to constrain the commercial objectives.	Communications and Engagement Plan to be delivered to make the case for the necessity of the commercial strategy. Resident survey will help assess the level of support for a more commercial council.	Treat	4
Investment in commercial ventures carries an inherent risk with no guarantee of return.	Investment may be lost, with no return.	All commercial proposals to only be progressed with a valid business case and a detailed analysis of the risk and opportunities taking into account the organisational risk appetite.	Tolerate	6

### 3.0 **Recommendations**

- 3.1 That the Commercial Strategy, attached at Appendix A, subject to any amendments at Cabinet, is approved for adoption by the Council.
- 3.2 That any future minor amendments are delegated to the Head of Community & Environmental Services or the Head of Service Transformation in consultation with the Portfolio Holder for Resources and Customer Services

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**Report approved by:** N/A

**4.0 Detailed proposal**

4.1 There are 4 key themes to commercialisation in the Council, namely:

1. Maximising value from our assets
2. Charging for our services
3. Generating novel income
4. Being a more business-like organisation

Each one of these are briefly explained below:

4.2 Maximising value from our assets: The council owns a large number of assets from which it already generates significant income, particularly from the property portfolio, and it is critical to the Financial Strategy that this performance is maintained. There are however other opportunities from which additional income could be generated, which the council has not yet exploited, such as Rooftop Wireless Broadband for businesses and advertising on the council website. These opportunities will be explored and delivered where there is a viable robust business case.

4.3 Charging for our services: The council charges for some services and these charges are approved annually by Elected Members as part of the budget setting process. In delivering this Strategy, except where Elected Members have made an informed decision not to, services that are charged for will be priced commercially ensuring that at least all direct costs are covered.

4.4 Generating novel income: Due to the bold and progressive vision that the Council has for Watford there are opportunities to generate novel income from sources in addition to those listed above. Some of these opportunities are already bringing in income in some areas for example HR and Pest Control; however there are additional opportunities that can be explored. The Council is in a strong position as it can determine the best vehicle to sell or trade these opportunities through as it can do so in its own right as the Council or through Watford Commercial Services Limited, the

Council's commercial arm.

4.5 Being a more business-like organisation: Being more business-like is a broad term that covers the entirety of the council's operation. This is concerned with the way in which the council operates and the culture, behaviours and capabilities of staff and aspiring, where it is appropriate to do so, to work in similar ways to commercial organisations. Examples include:

- driving maximum value from the procurement processes, contracts and partnerships.
- ensuring success through a robust project and programme management approach
- learning from our successes and failures.
- ensuring that risk management is an inherent part of the way we work and operate to maximise opportunities and minimise threats
- aspiring to deliver a quality product every time
- embedding a robust performance management culture
- striving to deliver our services as efficiently as possible maximising the value derived from every pound spent

4.6 By adopting the Commercial Strategy in Appendix A the Council is continuing to deliver on its Corporate Priorities and should enable Elected Members to make positive choices about the future of the Council and the Town.

## 5.0 **Implications**

### 5.1 **Financial**

5.1.1 The Head of Finance comments that the Council's commercial strategy feeds into the Medium Term Financial Strategy and beyond to help ensure that the Council is sustainable and solvent into the future. A commercialisation fund has been established in the current budget year to support the commercialisation agenda. Pump-priming funding may well be required and each opportunity for investment must be supported by a viable business case and a robust and deliverable benefits realisation plan before any funding is released.

### 5.2 **Legal Issues** (Monitoring Officer)

5.2.1 The Head of Democracy and Governance comments that the detailed legal implications will be considered on a business case by business case basis for any novel income streams. There are no direct implications in the strategy itself.

### 5.3 **Equalities/Human Rights**

5.3.1 Having had regard to the council's obligations under s149 of the Equality Act, it is

considered that whilst the Commercial Strategy itself does not require an equalities impact analysis individual proposals resulting from the adopted Strategy may require an equalities impact analysis and this will be considered at that time

**5.4 Staffing**

5.4.1 No implications at this time

**5.5 Accommodation**

5.5.1 No implications at this time

**5.6 Community Safety/Crime and Disorder**

5.6.1 No implications at this time

**5.7 Sustainability**

5.7.1 Securing our own financial future is a Council Corporate Priority

**Appendices**

Appendix A – Watford Borough Council Commercial Strategy

**Background Papers**

No papers were used in the preparation of this report.

**File Reference**

*None.*