

Carmarthenshire County Council

Commercial Strategy

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Carmarthenshire
County Council



Introduction

Leader and Chief Executive

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

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 budget pressures 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 services in the context of the ever more challenging financial environment while maximising wider outcomes for the people and communities of Carmarthenshire.

We do not aspire to be commercial for the sake of being commercial; for us, commercialism has a sole purpose which is to make Carmarthenshire 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.



The purpose of the Commercialisation Strategy

Carmarthenshire County Council (the Council) has a clear vision: to make Carmarthenshire the best it can be, now and for future generations.

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 become a net zero carbon local authority by 2030. 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.

Increased commercialisation and income generation is also one of the key priorities included in the Council's Transformation Strategy.

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 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 income generation will be aligned to and integrated with our Vision and Values.

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 Carmarthenshire County Council is not an end in itself; as a County Council, our strategic role makes commercialism a key lever for our role in shaping Carmarthenshire as a great place to live, work and do business, and to maximising social impact and outcomes.

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:

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

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The following principles will be used to underpin the delivery of this strategy :

A focus on our core purpose and supporting the Council's priority outcomes: commercial projects must demonstrably contribute to improved outcomes for the people and communities we serve; we will avoid commercial investments outside Carmarthenshire which cannot demonstrate a direct contribution to delivering the Council's outcomes.





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, Delta Well-Being.

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:



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Our Commercial Objectives

The Strategy has 3 key objectives:

Become 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.

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.

Have appropriate governance and oversight arrangements :

Ensure that we have the appropriate level of governance arrangements that encourages innovation and creativity whilst ensuring that our commercial activity is aligned with our wider corporate and community objectives.

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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;



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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 charges and 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 will adopt more robust contract management practices and continue to ensure that our procurement activity 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.
- Insourcing of services:** The lack of inhouse capacity and expertise is also resulting in some services having to use external consultants and agencies to help them to deliver their services. The Council could create additional internal capacity in order to reduce spend on external consultants and reduce costs.
- Strengthen income collection and debt recovery processes :** adopting a far more businesslike approach to the collection and recovery of income, including a more robust and strategic approach to the recovery of debt where appropriate.
- Generate additional income from advertising and sponsorship opportunities:** The further development of a range of advertising and sponsorship opportunities which would generate additional income for the Council.
- To develop new commercial opportunities:** we will identify and develop opportunities that bring in additional income, as well as social environmental and wider economic benefit.



Governance and Oversight :

Ensure that we have the appropriate level of governance arrangements that encourages innovation and creativity whilst ensuring that our commercial activity is aligned with our wider corporate and community objectives.

A Commercial Board will be established to oversee the delivery of the Commercial Strategy and oversee the management of commercial risks. The Commercial Board will report to the Council's Transformation Board and will be aligned to support the delivery of the Council's Transformation Programme.

The membership of the Board will be made up of senior management of the Council and also include officers with relevant skills and expertise. The Commercial Board will also consider commissioning appropriate external expertise to support projects during their various stages, especially for higher risk, higher value commercial projects.

The 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. A Commercial Forward Plan will be developed to 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. A suite of measures will be developed to evaluate the financial and wider benefits to be achieved from the implementation of the Commercial Strategy.

The Commercial Board will oversee recommendations for new investments and commercial projects, for decisions by the appropriate officer or member body. 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.

A Business Case proposal will be developed for all high risk, high value projects and will need to be approved by the Commercial Board prior to implementation. Business Case We will use specific criteria to evaluate and forecast the impacts of investment activities set out in this strategy including **Social, Environmental and Economic factors**

Social Factors

Clear, demonstrable links to the delivery and support of the Council's core purpose (to make Carmarthenshire the best it can be) and contribution to improved outcomes

The number of individuals and communities in Carmarthenshire impacted.

The number and magnitude of the impacts

Environmental Factors

Net carbon emissions reduction / increase;

Changes to the natural environment through land use / enhancement including biodiversity and habitats

Air quality impacts

Economic factors

Investment required

Revenue and capital costs and returns over time

Movement in net asset value over time (where applicable);

Impact on the local economy and local businesses.