

AGENDA

Meeting: Overview and Scrutiny Management Committee
Place: The Kennet Room - County Hall, Trowbridge BA14 8JN
Date: Monday 5 February 2018
Time: 9.30 am

Please direct any enquiries on this Agenda to Kieran Elliott (Senior Democratic Services Officer), of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line (01225) 718504 or email kieran.elliott@wiltshire.gov.uk

Press enquiries to Communications on direct lines (01225) 713114/713115.

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

Membership:

Cllr Ian Blair-Pilling	Cllr Jon Hubbard
Cllr Christine Crisp	Cllr Simon Jacobs
Cllr Matthew Dean	Cllr Gordon King
Cllr Stewart Dobson	Cllr Jacqui Lay
Cllr Howard Greenman	Cllr Andy Phillips
Cllr David Halik	Cllr John Walsh
Cllr Alan Hill (Vice-Chairman)	Cllr Graham Wright (Chairman)
Cllr Ruth Hopkinson	

Substitutes:

Cllr Clare Cape	Cllr Gavin Grant
Cllr Ernie Clark	Cllr George Jeans
Cllr Anna Cuthbert	Cllr David Jenkins
Cllr Brian Dalton	Cllr Pip Ridout
Cllr Christopher Devine	Cllr Ricky Rogers
Cllr Peter Fuller	Cllr Roy While

Recording and Broadcasting Information

Wiltshire Council may record this meeting for live and/or subsequent broadcast on the Council's website at <http://www.wiltshire.public-i.tv>. At the start of the meeting, the Chairman will confirm if all or part of the meeting is being recorded. The images and sound recordings may also be used for training purposes within the Council.

By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and/or training purposes.

The meeting may also be recorded by the press or members of the public.

Any person or organisation choosing to film, record or broadcast any meeting of the Council, its Cabinet or committees is responsible for any claims or other liability resulting from them so doing and by choosing to film, record or broadcast proceedings they accept that they are required to indemnify the Council, its members and officers in relation to any such claims or liabilities.

Details of the Council's Guidance on the Recording and Webcasting of Meetings is available on request.

Parking

To find car parks by area follow [this link](#). The three Wiltshire Council Hubs where most meetings will be held are as follows:

County Hall, Trowbridge
Bourne Hill, Salisbury
Monkton Park, Chippenham

County Hall and Monkton Park have some limited visitor parking. Please note for meetings at County Hall you will need to log your car's registration details upon your arrival in reception using the tablet provided. If you may be attending a meeting for more than 2 hours, please provide your registration details to the Democratic Services Officer, who will arrange for your stay to be extended.

Public Participation

Please see the agenda list on following pages for details of deadlines for submission of questions and statements for this meeting.

For extended details on meeting procedure, submission and scope of questions and other matters, please consult [Part 4 of the council's constitution](#).

The full constitution can be found at [this link](#).

For assistance on these and other matters please contact the officer named above for details

AGENDA

PART I

Items to be considered when the meeting is open to the public

1 **Apologies**

To receive details of any apologies or substitutions for the meeting.

2 **Minutes of the Previous Meeting** (*Pages 7 - 14*)

To approve and sign the minutes of the meeting held on 28 November 2017.

3 **Declarations of Interest**

To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.

4 **Chairman's Announcements**

To receive any announcements through the Chair.

5 **Public Participation**

The Council welcomes contributions from members of the public.

Statements

If you would like to make a statement at this meeting on any item on this agenda, please register to do so at least 10 minutes prior to the meeting. Up to 3 speakers are permitted to speak for up to 3 minutes each on any agenda item. Please contact the officer named on the front of the agenda for any further clarification.

Questions

To receive any questions from members of the public or members of the Council received in accordance with the constitution.

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of this agenda no later than 5pm on 30 January 2018 in order to be guaranteed of a written response. In order to receive a verbal response questions must be submitted no later than 5pm on 1 February 2018. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

Details of any questions received will be circulated to Committee members prior to the meeting and made available at the meeting and on the Council's website.

6 **Procedure of Meeting**

The Management Committee is asked to scrutinise the budget papers in accordance with previously agreed procedure and in the

context of:

- The briefing to all councillors on the budget setting process which will take place on 30 January
- Any initial views from public consultation events
- Remarks from the Leader of the Council, Cabinet Member for Finance, Director of Finance and any input from the Corporate Directors or other Cabinet Members
- The meeting of the Financial Planning Task Group from 1 February (written report to follow)
- The views of the Chairman and Vice-Chairman of the Select Committees

The Financial Planning Task Group will have gained knowledge throughout the year whilst undertaking budget monitoring on the issues that have caused pressures, the underlying reasons and mitigating actions. They will have taken a view on the robustness of the responses including variations made and on the overall effectiveness of budget management. It is important that this knowledge from the current year and how these matters will be addressed for 2018/19 are included in today's debate.

Likewise, the Select Committees, through the reviews they have undertaken in terms of policy development and service variation during the year, will have been aware of the financial implications (and commitments given or efficiencies expected) of each. The committees will have had ongoing dialogue with their respective cabinet members, portfolio holders and senior managers regarding implementation so it is important that an opportunity is given to the Chairman and Vice-Chairman of the Select Committees to comment on whether these commitments and efficiencies have been reflected in the budget proposals.

Having heard from those with a direct responsibility and interest, the Chairman will open out the debate to the Management Committee members to make enquiries of the Executive representatives based on the Financial Plan Update report (see next item) and what has been said. As in previous years, the Committee is asked to focus on the main strategic and policy issues and not those that sit at an operational officer level.

The Chairman will look to gain consensus to the key points made as the meeting moves through the debate. These key points will be listed in the minutes and form a report to Cabinet on 6 February and Council on 20 February.

An additional meeting of the Committee to scrutinise any opposition group or other amendments to the budget before Council has also been arranged for 8 February.

7 **Wiltshire Council's Financial Plan Update 2018/19**

A report from the Corporate Directors and Director of Finance on the Council's Financial Plan Update for 2018/19 has been circulated to all councillors.

It can be accessed at the [following link](#).

8 **Commercial Policy** (*Pages 15 - 46*)

To consider the draft Commercial Policy. A report from the Financial Planning Task Group will follow.

9 **Date of Next Meeting**

To confirm the date of the next meeting as 9 February 2018, to scrutinise any amendments to the proposed budget from opposition groups or other councillors.

10 **Urgent Items**

Any other items of business which the Chairman agrees to consider as a matter of urgency.

PART II

Items during consideration of which it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed.

This page is intentionally left blank

OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE

MINUTES OF THE OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE MEETING HELD ON 28 NOVEMBER 2017 AT THE KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Ian Blair-Pilling, Cllr Christine Crisp, Cllr Matthew Dean, Cllr Stewart Dobson, Cllr David Halik, Cllr Alan Hill (Vice-Chairman), Cllr Ruth Hopkinson, Cllr Jon Hubbard, Cllr Simon Jacobs, Cllr Gordon King, Cllr Jacqui Lay, Cllr Andy Phillips, Cllr John Walsh and Cllr Graham Wright (Chairman)

Also Present:

Cllr George Jeans, Cllr John Thomson and Cllr Philip Whitehead

72 Apologies

Apologies were received from:

Cllr Howard Greenman

73 Minutes of the Previous Meeting

Resolved

To approve and sign the minutes of the Management Committee meeting held on 26 September 2017.

74 Declarations of Interest

None.

75 Chairman's Announcements

Change of agenda order

It was proposed and agreed to change the order of the agenda to allow Cllr John Thomson's attendance at a meeting with the Boundary Commission. Item 8, the Wiltshire Online Project Update, was therefore brought forward to item 6.

Budget scrutiny timetable

A budget timetable was now in place to agree the council's financial plan 2018/19. The process was as follows:

- Members briefing on the budget – 23 January
- Financial Planning Task Group – 24 January
- Management Committee (to consider the Administration's draft budget) – 30 February
- Cabinet – 6 February
- Management Committee (to consider Opposition Group amendments – 9th February
- Full Council – 20 February

76 Public Participation

None.

77 Forward Work Programme

Updates were received from the Chairmen and Vice-Chairmen of the Select Committees in respect of the topics under scrutiny in their areas, including recommendations for endorsement by the Management Committee.

Children's Select Committee

There were currently three task groups operating under the committee: Child and Adolescent Mental Health Services (CAMHS); Traded Services for Schools; and SEND School Provision. A rapid scrutiny had been arranged for mid January to focus on child care leavers.

Adoptions West was now taking an officer lead from Martin Davis since Terence Herbert (Head of Service Care and Placement) had taken the role of Corporate Director (Children and Education). A meeting had been arranged to update the Chair and Vice Chair of Children's Select on the progress of what form scrutiny would take in Adoptions West.

Environment Select Committee

The committee had received public attendance at their last meeting from the South West Wiltshire Green Party regarding the recent waste consultation. Representatives were invited to the January meeting as a result, and the committee will look into Wiltshire's Waste Strategy.

The forward plan for the committee was noted as being large. However, the limit of the committee's capacity had not yet been reached. Members would be notified once the limit had almost been reached.

Key issues for the committee include road accident data and affordable housing. Additional topics include tourism and major Wiltshire Council schemes.

Health Select Committee

Recent key topics for the committee included: Adult Care Charging Policy; Adult Social Care Transformation Programme; the Clinical Commissioning Group (CCG); and the Maternity Strategy.

The CCG was noted as a significant topic with a large amount of public interest in how community hospital provision would be provided across the Salisbury/Trowbridge/Chippenham area. The committee was receiving regular updates on this.

It was noted that instances of Cabinet meeting in the morning of a day where the committee met in the afternoon was problematic for the process of scrutiny work.

Overview and Scrutiny Management Committee

The Chair and Vice Chair had received a briefing from John Rogers, Head of Systems Thinking, on the council's key corporate programmes. Part of this included the Systems Thinking training course. The committee agreed that the systems thinking course was worth recommending to members to encourage their sign up.

It was proposed that the committee introduce pre-meeting information briefings immediately prior to this Committee's meetings, the kind of which are already held by the Children's and Health Select Committees. The briefings would cover topics of relevance to this Committee's remit of corporate matters and oversight of the work programme overall when there is something relevant to cover.

Resolved

- 1. To note the OS Forward Work Programme and the updates provided on current activity.**
- 2. To introduce pre-meeting information briefings immediately prior to the Management Committee meetings, when appropriate, on subjects relevant to the Committee's remit.**

78 Management Committee Task Groups

Digital Strategy and Implementation Task Group

A forward plan was being constructed to create a way forward for the task group. The outcome of Peer Review was also being awaited, with the next task group meeting scheduled for February. The Chairman of the task group, Cllr Jon Hubbard, had also been invited to join the Digital Implementation Board as an observer.

Financial Planning Task Group

The next task group meeting was set for the 18th December, prior to the budget scrutiny process in 2018.

Planning Committee System Task Group

A series of meetings were planned for early 2018, including the area planning committee Chairmen to be invited to meet with the task group.

Military and Civilian Integration Project Task Group

Cllr Alan Hill suggested, as previous chairman of the task group, that the task group should look at military civil integration and army rebasing. Both were individual topics, but overlapped. A point had been reached where the work of the task group could shortly be resumed.

Cllr Simon Jacobs and Cllr Ian Blair Pilling volunteered as potential members.

Swindon and Wiltshire Local Enterprise Partnership (SWLEP) Task Group

Cllr Alan Hill had been re-elected as Chairman. Enthusiasm had been received from Swindon members towards the work in the new forward plan for the task group. It was noted that this was the only LEP in the country with a scrutiny task group.

Third Party Advertising Policy Task Group

Work was explained as progressing at a slow pace, but the topic area needed to be considered with care.

Waste Contracts Task Group (proposed)

An additional task group update report was included in Agenda Supplement 1 which proposed the establishment of a Waste Contracts task group. This followed a resolution by the Environment Select Committee, with terms of reference to be determined.

Resolved

- 1. To note the updates on task group activity provided;**
- 2. To approve the Digital Strategy and Implementation Task Group's terms of reference, as set out in the report;**
- 3. To approve the inclusion of the council's Commercial Strategy within the Financial Planning Task Group's work programme, with findings and recommendations brought to Management Committee for endorsement prior to referral to Cabinet;**
- 4. To approve the establishment of the Third Party Advertising Task Group with the membership and terms of reference set out in the report, with findings and recommendations brought to Management Committee prior to referral to Cabinet.**
- 5. To add Cllrs Jacobs and Blair-Pilling to the membership of the MCIP Task Group.**
- 6. To approve the establishment of a Waste Contracts Task Group with the membership and terms of reference to be agreed, with findings and recommendations brought to the Environment Select Committee prior to referral to Overview & Scrutiny Management Committee.**

79 Wiltshire Online Project Update

A report from Cllr George Jeans, Overview and Scrutiny representative on the Wiltshire Online Project Board, was presented to the committee. Cllr John Thomson, Cabinet Member for Communications, communities, leisure and libraries, was also in attendance.

Wiltshire Council had made excellent progress within their small team and the recent work and contract had broken the previous BT monopoly. Broadband had been delivered to more premises and expanded to rural communities and those living on the fringes.

There had been some underspends on the projects, which would be rolled back into future work.

Some issues with 4g coverage had been solved through installed extra masts. However, planning permission was needed to install masts which meant a costly and lengthy process. It was noted by the committee that 4g coverage was important for emergency services.

A concern was expressed regarding the remaining 4% without broadband. It was asked if they will receive broadband eventually or if there will always remain a number who don't. Better Broadband vouchers and the future universal service obligation were referenced in response.

Residents can check the status of their broadband connection through the Openreach or Gigaclear website postcode checkers. They can also contact Wiltshire Council via email for updates.

The mobilisation of Gigaclear's contract and the contract management was queried. It was explained that nothing would be paid until they had delivered on the contract. Outside auditors as well as council officers would be working to monitor the contract delivery. The work would be going through both the SWLEP and OS.

Resolved

- 1. To thank Cllr Jeans and the team for the update and note the progress reported on the Wiltshire Online project.**
- 2. To note that at the close of the project 4% of Wiltshire does will still not have access to broadband, and to receive an update on delivery in 6 month's time;**
- 3. To note the significant challenges and expense of delivering universal access to broadband services and the local and national initiatives in place to drive this forward.**
- 4. To include a summary of the update as this week's Scrutiny Story of the Week to help raise awareness of progress and challenges with the programme amongst councillors.**

80 **Report of the Rapid Scrutiny Exercise: Asset and Service Devolution and Community Asset Transfer Policy**

The report of the rapid scrutiny exercise established in September and held on 1st November 2017 to contribute to the revised Asset and Service Devolution and Community Asset Transfer Policy was presented to the committee.

This rapid scrutiny report had been received by Cabinet on 7 November, alongside the final version of the Policy itself. Cllr Philip Whitehead, Cabinet Member for Finance and IT, had responded verbally to the Group's recommendations at the Cabinet meeting and his written responses were provided in the report.

Cllr Ruth Hopkinson, Lead Member for the Rapid Scrutiny, provided comments on the report and the responses received.

The rapid scrutiny exercise had questioned Cllr Whitehead on how assets can, in some cases, be considered liabilities on management/service levels. It was explained that they were considered on a case by case basis and be financial assets with liabilities.

A question was asked if local members will be advised when assets are disposed of or up for consideration. It was explained that disposal of assets in general is a separate topic and that the report was in regards to the transfer of services and assets to them. Assurance was given that disposal wouldn't happen without local members being made aware.

Resolved

- 1. To note the report of the Rapid Scrutiny Exercise and to thank its members for their work;**
- 2. To note the Executive responses to the report and to thank the Cabinet Member for his engagement in the Scrutiny process;**
- 3. To approve the rapid scrutiny group's recommendations of further scrutiny engagement on the Policy and its implementation as set out under Recommendations 18 a, b and c.**
- 4. To note the Cabinet Member's assurance that local councillors will always be notified when a local asset is disposed of.**

81 **Overview and Scrutiny Learning and Development Programme**

A report was presented which asked the committee to consider what they would like to see in an effective four-year learning and development programme for Overview and Scrutiny councillors during this council.

A list of activities was included based on what the previous council had undertaken. Members were asked to consider this and what may be missing.

The committee recommended considering including LGA courses, which could be run at no extra cost. Cllr Wright asked members to bring forward any suggestions they had to his or Henry Powell's attention any point.

Resolved

- 1. To note that Committee has considered the potential OS L&D activities set out in the report and the others put forward by councillors.**
- 2. That the findings of the recent Peer Challenge and the CLG's Review of OS in Local Government are reflected if and when appropriate in the final four year OS L&D programme.**
- 3. That following this initial discussion, a draft four-year OS L&D programme is developed by officers and the Chairman and Vice-chairman and brought back to Committee for approval.**

82 Communities and Local Government (CLG) Committee Review of Overview and Scrutiny in Local Government

An update on the CLG review of Overview and Scrutiny in local government was provided for the committee.

The parliamentary select committee had now concluded its evidence gathering, which this council had contributed to, and the report of its findings would soon be published. The Committee would receive those findings as soon as they are available to consider if and how to respond.

Resolved

To note that the CLG review of Overview and Scrutiny will soon conclude and to consider its findings once available.

83 Date of Next Meeting

Confirmed as 10.30am, Tuesday 30 January 2018, County Hall.

84 Urgent Items

None.

(Duration of meeting: 9.30am – 11.50am)

The Officer who has produced these minutes is Adam Brown, Overview and Scrutiny, direct line (01225) 718038, e-mail adam.brown@wiltshire.gov.uk

Press enquiries to Communications, direct line (01225) 713114/713115

This page is intentionally left blank

Wiltshire Council

Overview and Scrutiny management Committee – 5 February 2018

Cabinet – 6 February 2018

Council – 20 February 2018

Subject: Wiltshire Council's Commercial Policy and Approach 2018-2027

Cabinet Member: Councillor Philip Whitehead - Cabinet Member for Finance

Key Decision: Yes

EXECUTIVE SUMMARY

Attached is a proposed change to the Council's Policy Framework, through the introduction of a new Commercial Policy and Approach 2018-2027. This sets out a framework by which the Council is defining and setting out an approach through which it will be 'commercial' in order to deliver part of the £57.5 million of savings over the next four years, as well as those in the next decade.

Commercial does not mean we will become a business only here for profit. We can never forget our core business is supporting and helping the vulnerable in society. As such this approach sets out to build a culture whereby Wiltshire Council is not a business, but we act business like to ensure we have the right level of funds and use those effectively. The Policy is built on four pillars:

1. **improving our data and management information** to make intelligent decisions that enable risk to be balanced with return and our public fiduciary duties;
2. **improving the skills of our staff** to ensure they can act and behave in ways that seek and deliver financial opportunities that benefit our financial sustainability;
3. **using our assets and resources to make financial returns**, and disinvest where that is no longer possible;
4. **reviewing and revising our models of delivery** that provide the best opportunity, outcome and financial return for our residents and businesses.

The Policy has been considered by the Financial Task Group (18 December 2017). The Task Group made seven recommendations and all have been incorporated into the Policy attached.

Reasons for Proposals

To enable Council to support its Medium Term Financial Strategy and Plan that drives long term financial sustainability and delivery of its Business Plan.

PROPOSAL

It is proposed that Council endorses the Commercial Policy and Approach 2018-2027 attached at Appendix A.

Authors:

Michael Hudson - Section 151 Officer
Michael.hudson@wiltshire.gov.uk

Subject: Wiltshire Council’s Commercial Policy and Approach 2018-2027

Cabinet Member: Councillor Philip Whitehead - Cabinet Member for Finance

Key Decision: Yes

1. Purpose of Report

- 1.1. This is a change to the Council’s Policy Framework by introducing a Commercial Policy and Approach 2018-27 that enables the Council to support its Medium Term Financial Strategy and Plan (MTFS and MTFP) that drives long term financial sustainability and delivery of its Business Plan.

2. Background

- 2.1 The Council’s MTFP identifies that over the coming four years the Council faces £57.5 million target for savings / more income. The MTFS also sets out that in expectations that local authorities funding streams will change over the next few years, that Councils face the prospect of becoming more self-financing. As such the attached Policy and Approach at Appendix A, sets out a proposed approach to how the Council may continue to develop and change the ways it works.

- 2.2 The Policy sets out the following definition of ‘commercial’:

“All are staff are skilled to behave innovatively and use data to make well thought out decisions, that enables us to use all of our resources to deliver services in a cost-effective way, ideally at nil net cost”

- 2.3 The Approach is built around four pillars, we will:

1. **improve our data and management information** to make intelligent decisions that enable risk to be balanced with return and our public fiduciary duties;
2. **improve the skills of our staff** to ensure they can act and behave in ways that seek and deliver financial opportunities that benefit our financial sustainability;
3. **use our assets and resources to make financial returns**, and disinvest where that is no longer possible;

4. **review and revise our models of delivery** that provide the best opportunity, outcome and financial return for our residents and businesses.

- 2.4 Commercial does not mean we will become a business only here for profit. We must never forget our core business is supporting and helping the vulnerable in society. As such we are a Council not a business, but we can still act business like to ensure we have the right level of funds and use those effectively.

- 2.5 We would look to see the first opportunities identified and assessed by the early part of 2018 with a relevant implementation timescale for each opportunity returning additional revenue to Wiltshire Council by 2019/2020 and thereafter.

- 2.6 The Policy sets out ways to measure our performance and how various stakeholders are affected and how we will work with all to develop new ways of working.

- 2.7 The Policy was scrutinised by the Finance Task Group (18th December 2017). The Task Group made seven recommendations. Following that meeting the Policy has been amended and reflects and takes account of each one, as follows:
 1. To support the Commercial Policy and Approach document as a timely and useful framework for developing the council's ability to deliver further savings and greater income through innovation and sound business practices. **Noted**

 2. That examples where local authorities have successfully pursued commercial opportunities be highlighted in order to grow confidence in this approach in Wiltshire. **See paragraph 3.23 for amendments.**

 3. That the terms 'commercial' and 'commercialism' in this context be clarified and, where appropriate, reconsidered to avoid them being wrongly interpreted as signifying a change to the council's core purpose. **See Cabinet Member's Foreword for amendments.**

 4. To highlight the cultural change required of the organisation if the ambitions for generating income are to be delivered and to ensure that both officers and councillors have the knowledge and skills to achieve this. **See paragraph 4.13 for amendments.**

 5. That the Overview and Scrutiny Learning and Development programme gives OS councillors the specific skills and knowledge required to scrutinise the council's commercial ventures effectively. **See paragraph 4.5 for amendments.**

6. To ensure that information held by the council that is of potential commercial value is made subject to confidentiality obligations, such as in employment contracts or tender documents. **See paragraph 4.6 for amendments.**
 7. That Management Committee ask the Financial Planning Task Group to undertake more detailed scrutiny work on the action plans relating to the document once available. **See paragraph 4.12 for amendments.**
- 2.8 A detailed delivery plan to set out the first 12 and then 36 months action will be brought back to Scrutiny and Cabinet and it is proposed that Management Overview and Scrutiny assess progress against this then twice a year.

3 Legal advice

- 3.1 The Policy is a change to the Council's Framework, and the Policy supports other strategies and policies within that. It is likely to require changes to the Council's Constitution and it is expected that these will be highlighted in the delivery plan to be brought back to Council and debated at that stage.

4 HR advice

- 4.1 The Policy refers and links to the Council's Workforce Strategy and how it supports the development of that Strategy and the skills of the Council's workforce. It also sets targets for job creation and apprentices which is in support of the Council's Business Plan.

5 Equalities assessment

- 5.1 In order for the Council to fulfil its legal requirements under the Public Sector Equality Duty, individual Equality Impact Assessments will be done on any business case and delivery plan as they are drawn up. These will be made available to all Councillors during the decision-making process so that the full equality implications of proposals are understood, inform final decisions and due regard is paid to the Equality Duty.

6 Environmental and climate change considerations

- 6.1 The Policy and Approach has been developed to support stronger and more resilient communities in Wiltshire.

7 Risk Assessment

- 7.1 The Policy itself recognises the risks associated with the approaches considered, and makes the assessment of these risks paramount. The Policy also seeks to mitigate risks through both openness for checks and challenges including councillors and independents.

8 Financial Implications

- 8.1 The Policy in itself will not deliver savings or more income, however it sets out a clear approach for the Council to work towards to deliver the commercial targets set in the MTFS over the next four years. Its progress will be monitored and reported regularly to councillors.

18 Conclusions

- 19.1 The Commercial Policy and Approach 2018-27 supports both the Council's business plan and its financial plan 2018-22.

Report Author: Michael Hudson - Director of Finance
michael.hudson@wiltshire.gov.uk; 01225 713601

Date of report: 25th January 2018

Wiltshire Council

Commercial Policy and Approach 2017-2027



Foreword

Wiltshire Council's core business is, and will remain, the delivery of public services to the people of Wiltshire and most importantly the support and welfare of the most vulnerable in society.

Our ability to fund this has changed considerably over the last 5 years with a major reduction in government grant. Council Tax has increased to counter some of this and the potential increase in business rate retention will also assist with our income. However, this is overwhelmed by the continuing pressure on the two major cost areas of Children's Services and Adult Social Care. Increasing cost pressure in these areas will outpace the finances of Wiltshire Council if we do not act to raise more revenue.

Central Government will not step in to help support this growth in vulnerable care and Wiltshire Council therefore needs to find additional ways to develop long term revenue generation. This will be achieved through raising revenue from commercial activity making use of our existing resources, assets and status.

We will initially introduce a commercial focus on several areas where we have already got a presence, where we have existing assets or existing skills and resource:

- Trading with schools
- Development and growth of high need residential property
- Increased return from an effective commercial property portfolio in County
- Trading energy

We need a long-term solution that will generate increasing amounts of revenue which we can use to fund the core functions of the Council.

To achieve the desired outcomes in these areas we will need to recruit specialist resource; improve the existing skills of our staff, and investigate alternative models of delivery that will provide the highest level of attainment for each area.

This means that the model may differ for separate scenarios. So Commercial does not mean we will become a business only here for profit. We must never forget our core business is supporting and helping the vulnerable in society. As such we are a Council not a business, but we can still act business like to ensure we have the right level of funds and use those effectively.

We would look to see the first opportunities identified and assessed by the early part of 2018 with a relevant implementation timescale for each opportunity returning additional revenue to Wiltshire Council by 2019/2020 and thereafter.

By adopting this commercial approach, we will deliver part of the £57.5 million of savings over the next four years, as well as those in the next decade. We will continue to change the way we work for and with our communities to provide an even stronger financial base enabling us to meet the current and future needs of those communities. For us that is commercial sense.



Philp Whitehead
Cabinet Member, Finance

Executive Summary

The Public Sector at national and thus local levels faces continued squeezes on its finances. In Wiltshire, we have faced a decade of change and a decade where we have successfully managed our finances. We secured £140 million savings from becoming a Unitary Council in 2009, we have sought to prioritise our spend where it has the greatest effect and seek innovative ways to work with our communities to do the same or even more with less.

So, we have been working hard and some would therefore say commercially over the decade, so why do we need this Policy? Well the squeeze on public sector funding continues, by 2020 we will only receive back from the Government a proportion (potentially as low as 40%, circa £55m) of our Non-Domestic Rates (commonly known as Business Rates). So, our only way to raise funds is through local Council Tax, fees / charges, and by looking at how we can make returns from investments or different business models that trade with users of those services. We must also continue to look at how we can be even more innovative in reducing our costs. To do that we need to take the next step up in our business and financial planning approach.

This Policy sets out that direction and aligns closely with other key strategies, including our Economic Growth, Digital, Adult Care Transformation, Workforce and Community Engagement Strategies.

By adopting this Policy, we will use the approaches and actions arising from it to deliver a large part of the £57.5 million of savings we face over the next four years, as well as those in the next decade.

Our focus will be on four key areas, where we will continue to:

1. **improve our data and management information** to make intelligent decisions that enable risk to be balanced with return and our public fiduciary duties;
2. **improve the skills of our staff** to ensure they can act and behave in ways that seek and deliver financial opportunities that benefit our financial sustainability;
3. **use our assets and resources to make financial returns**, and disinvest where that is no longer possible;
4. **review and revise our models of delivery** that provide the best opportunity, outcome and financial return for our residents and businesses.

This Policy sets out an approach, and a definition and vision for how we will continue to be more commercial, but built from a base of strong financial and business planning. Over the next three years we will continue to change the way we work for and with our communities that will provide an even stronger financial base that enables us to meet the current and future needs of those communities. For us that is commercial sense.

1. Our vision of what being Commercial means to us in Wiltshire

- 1.1 Our vision as a Council is to *'build strong, connected, resilient and sustainable communities'*. To meet our priorities, we need to ensure we have a strong and sustainable finance resources. By 2020 our grant from Central Government will have been reduced by nearly £170 million, and our only funding will come from Wiltshire residents and businesses, as well as visitors to the County. As such we need to ensure we are self-sustainable financially. With national political and local economic restrictions on our main income stream (council tax) we must continue to focus on how we secure more income in new and innovative ways, as well as provide the services our communities need at the lowest possible cost without compromising quality unnecessarily.
- 1.2 This challenge is not new to us, or any business. However, in the private sector it is often referred to as taking a *'commercial approach'*. What we as a sector have learnt is that a commercial approach does not mean we privatise or outsource everything, rather we feel being Commercial means:

"All are staff are skilled to behave innovatively and use data to make well thought out decisions, that enables us to use all of our resources to deliver services in a cost-effective way, ideally at nil net cost"

1.3 Breaking that down to more detail:

- **Understand our data**, and we can turn that into management information that allows us to look at what our communities, markets and partners / stakeholders need both now and in the future. Having that intelligence is the bedrock that allows us to plan and make effective decisions. We can then use that same information to access if something is working and if it is, do more and if not we stop and do not waste money. This also is about ensuring our staff and councillors recognise the value of our data.
- Have **staff, managers and leaders who are empowered to behave and think in innovative, flexible and new ways with the skills to do that in ways that reduce costs or bring in more income on a sustainable basis**. They can use data to make strong business cases demonstrating the benefits of changes, actions to deliver savings and/or more income, and can bring people with them.
- **Continually assess all our assets and resources** to identify those that are making a return and those that are not, where they are not if they should, could or need to be making a return and if it is best to stop or dispose of them.
- **Have the most effective and efficient models of delivery** be that in-house, through a social enterprise, employee trust, joint venture, wholly owned company, or any one of the models open to us. We will trade beyond our borders where it positively impacts on our County and our priorities are protected. We will seek to use Council Tax income to fund key priority services, and all others will be funded from our commercial work, so most services will be net nil cost at least and some will make a return to subsidise priorities, for example how at present parking fees are used to fund bus subsidies.

1.4 By focusing on all these four areas we will drive a stronger Commercial Culture. This Policy sets out:

- What we have done and where we are now;
- how we aim to take the next step upwards to achieve the goals in this strategy;
- how we will engage with key stakeholders;
- what success looks and feels like, as well as how we will measure our success; and
- how we will continually evolve this Policy to be financially self-sufficient to deliver our Business Plan.

2. **Where are we and what have we done already?**

2.1 Over the last decade we have had to find nearly £140 million of savings, and so we have not been resting on our laurels. We have introduced many practices that will shape the next evolution of our commercial approach. This has included:

- ***Data and management information:***
 - We have continually improved our financial and performance data reporting, linked to service and business planning.
 - We have carried out data matching to identify cross over in service provisions to challenge structural designs
 - We have invested in a system thinking approach that has challenged and helped redesign several areas of the business.
 - We have invested in technology to provide smarter real-time data around our assets, income and residents.
 - We have started under our Single View of the Customer project to pool data to allow more informed decision making, this includes sharing data with our NHS and Police partners.

- **Skills and behaviours:**

- We have invested in a Procurement Team and category management approach that challenges what and how we spend on goods / supplies.
- We have trained and accredited over 800 staff and managers in systems thinking, including trading this to upskill staff in our partnering and neighbouring organisations.
- We have devolved several services to local communities for them to run through volunteer schemes that enable more target support, including Libraries and Youth services.
- Our behaviour framework includes competencies for behaviours and core skills.
- We have employed apprenticeships, and have a Workforce Strategy that sets out development of our staff to ensure they will have the skills needed to work effectively in the coming years of change.

- **Assets and resources:**

- We have increased fees in a more co-ordinated and consistent approach, with a single fees and charges booklet. We have a single Income Strategy, which is driving a single approach to subsidy, financial inclusion and recovery.
- We have carried out several Community Asset Transfers and Service Delegations to Town and Parish Councils. 132 transfers have taken place since 2011 and a major additional package delivered to Salisbury City Council in 2017.
- Generated over £90 million in capital receipts to re-invest in the County's infrastructure and avoided borrowing.
- Our Digital Strategy has recently been approved and sets out a vision and plan to deliver more efficient services.
- We have a prudent Treasury Strategy and we have met our annual return target each year on our cash invested.

- **Models of Delivery:**

- We have an economic venture company and are exploring a number of opportunities to expand commercial activities.
- We have a number of contracts with a life value in excess of £100 million, including Waste and Highways that were let in the last 18 months.
- We have three PFI schemes around Housing and Schools.

- We have a [Strategic Partnership](#) with Wiltshire Police. This has already delivered:
 - Co-located neighbourhood policing and response teams into the Council's Chippenham and Salisbury hubs and the development of campus designs incorporating Neighbourhood Police Teams
 - A joint IT solution that enables access to services across both estates.
 - A joint systems thinking team with three full time staff seconded from the Police.
 - A single, jointly funded Project Management team for both organisations following the transfer of OPCC staff to Wiltshire Council.
 - A single IT team, supporting both organisations
 - Co-location of staff in the Multi Agency Safeguarding Hub (MASH) within County Hall.
- Close working with the new Dorset and Wiltshire fire authority, with its new Salisbury HQ based in the Five Rivers Community Campus.
- We are evolving a new Schools and Traded service, including support to academies.

3. What are our next steps to being more commercial?

3.1 Our focus is to build on the four pillars of data, skills, resources and models of delivery. The following sets out the aims for each area as well as how they align and support our other key strategies.

- ***Data***

3.2 We will merge our financial, performance and risk monitoring reports, with a focus being to report more on changes in units of activity, be that number or costs to explore the causes to drive strategies that target actions to prevent cost increases.

3.3 We will introduce controls to ensure establishments and budgets remain aligned.

3.4 We will undertake analysis of the data we hold for areas across the County to identify issues of local need, and to help predict potential future needs. This will inform the Community Engagement, Community Asset Transfer and Campus/Hub strategies and decisions. The aim being to deliver more targeted local services, markets and build infrastructure to prevent costs or that enable a reduced cost. We will also seek to ensure that information of potential value is subject to specific confidentiality obligations, such as in employment contracts or tender documents.

3.5 We will appraise and use our business, service and client data to analyse commercial opportunities to raise income, trade or transfer services to a new delivery model.

3.6 We will use our customer data alongside technological tools and techniques to apply neuro-economic practices, such as nudging to increase income collection.

- ***Skills and Behaviours***

3.7 We will roll out a 'commercial and financial competence framework' across all levels of staff in the Council.

3.8 We will have a consistent governance and business case framework across all projects and programmes. The Governance model will apply for considering all 'commercial proposals', and an outline Governance Structure and Business Case format with an assessment criteria is set out at Appendix 1. The competency programme will enable all staff to know how they engage in the process beyond 'normal' service delivery to start a change project off; and what is required to make a successful case. This will include consistent gateways from ideas and concepts, to outline and full business cases that will be tailored to the scale (impact across the council and monetary) of the change / project.

3.9 We will review and update our behaviours framework as necessary to recognise the core commercial operating skills, to ensure that behaviours support this approach.

3.10 We will review the effectiveness of our approach to commissioning and procurement, to ensure that skills and capacity align to future need. This will include assessing how we balance social with economic value and return.

3.11 We will invest in external support for areas where we do not have the current commercial skills that may not be cost effective to embed in the organisation, for example taxation or portfolio management.

3.12 We will continue to centralise income collection and standardise setting fees, with agreed exceptions being clearly identified. This will ensure consistent subsidy, concessions and financial inclusion is applied in decision making.

- ***Assets and Resources***

3.13 We will invest in our data and staff as the drivers of change and commercial activity as set out above.

3.14 We will use our strategic planning, economic growth, housing, highways, digital and education and skills strategies to shape and create social capital and markets for growth be they in current market, or by shaping the market / delivery vehicle to fill gaps / need.

3.15 We will look to use our infrastructure for commercial gain where we can trade advertising or activities that can use our digital platforms, street furniture, vehicles or other assets. We will use the high value of our web presence, search engine optimisation and brand value to promote more ethical trading of marketing space.

- 3.16 We will use our land and buildings to promote and deliver housing and economic growth through either use of capital receipts or holding of assets as a contribution to capital for delivery models.
- 3.17 We will use the Council's lead role in the One Public Estate programme to co-locate with our partners to generate capital receipts and reduce costs.
- 3.18 We will use our asset and economic strength in the County and surrounding areas to influence how the supply chain and infrastructure and service providers interact and partner with the Council to derive lower costs and new income streams.
- 3.19 We will assess the liquidity need of our assets and consider changing our risk appetite for investing in high return / less liquid vehicles.
- 3.20 We will earmark £2 million of revenue and £5 million of capital as invest to save reserves, to be released on business case approval by Corporate Directors or Cabinet depending on the scale and return of investment. The guidance will require a bar to be met for all schemes for the levels of return and payback period to be evidenced in the business case.

- **Models of Delivery**

- 3.21 An important strand to our commercial approach is to have the ability to consider and adopt as appropriate alternative delivery models. The options available cover a wide range of potential models:

In-house	Social Enterprises	Partnerships	Trading Companies	Outsource
<ul style="list-style-type: none"> •Service function 	<ul style="list-style-type: none"> •For example: •Community Trust •Community Interest Company •Mutual Trust 	<ul style="list-style-type: none"> •For example: •Consortium •Joint Committees •Shared Services contract •Joint Ventures •S111 Public Partnerships 	<ul style="list-style-type: none"> •For example: •Wholly owned •Teckal •Limited Liability Partnerships 	<ul style="list-style-type: none"> •contractual

- 3.22 The options are not limited to just a vehicle and can consider for example devolving budgets to communities.

- 3.23 The key is that the model of delivery needs to be driven by a range of factors including the Council's values, risk appetite, and need to drive a financial return. There have been many documented traded models that have failed in local government, as well as some that have succeeded and ventures that our over a decade old and still going strong, for example Norfolk Property Services. Wiltshire also is part of a strong Joint Public Service Internal Audit arrangement (South West Audit Partnership – SWAP) that has grown its business by almost double in the last five years, yet saved the Council over £0.250m.
- 3.23 Of course success cannot be guaranteed, and we need to ensure we have a model to appraise options and assumptions to consider the most appropriate vehicles where opportunities arise. An example of the factors to consider is set out at Appendix 2. All delivery model decisions will be brought to Cabinet to approve.
- 3.24 Where appropriate the role and skills for being a Director of a delivery model will be set out in the Council's constitution. As such the Constitution will be reviewed, in accordance with current set procedures to do so, considering evolving commercial actions within this strategy.

4. How will we engage all stakeholders in the Policy as we go forward?

- 4.1 First who are our stakeholders, and secondly why do we need to engage them. Our stakeholders include:

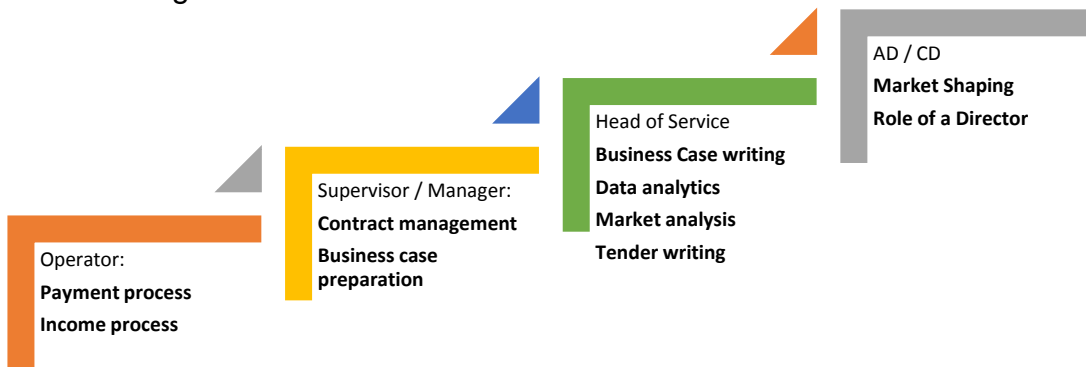


4.2 We will engage with these groups as follows:

- **Staff, Unions and Councillors:**

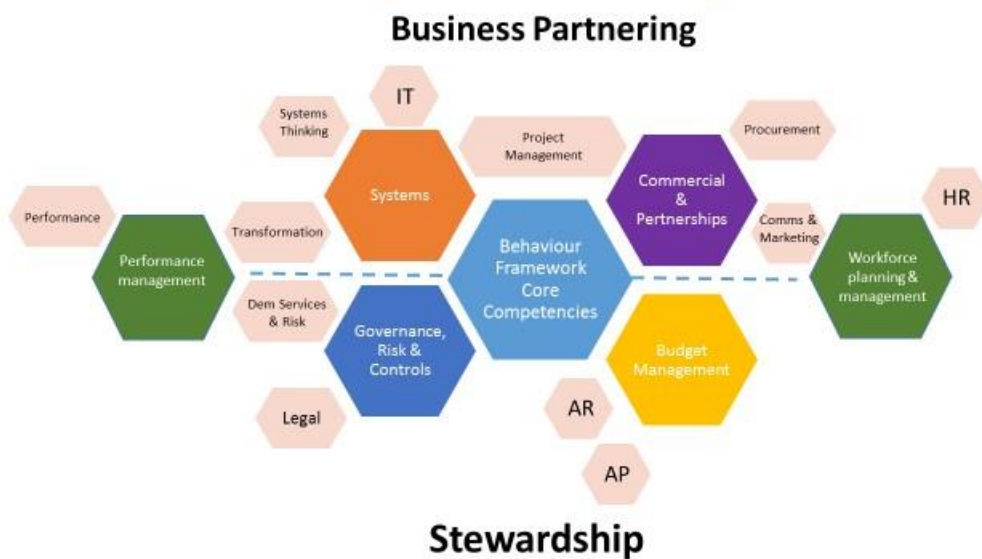
4.3 Our current processes allow for good consultations with staff and unions around changes, with approval for significant changes such as TUPE reserved to Cabinet. We will continue to review these against changes to approaches arising from this Policy to ensure they remain effective.

4.4 We will set out a clear financial and commercial competence framework that ties into the Workforce Strategy and investment in organisational development across all staffing levels.



4.5 This will recognise that commercial skills are one part of an overall effective member of staff, and is not just a financial matter:

Financial Competencies – Operational Services



4.6 These competencies and the role of councillors in this process will also form part of the action plan to ensure we have councillors equipped to check and challenge, as well as if appropriate act in any commercial capacity, such as Directors of ventures.

4.7 It is still envisaged that decisions will rest with Cabinet / Council as appropriate. Where a model requires councillors to act as Directors then appropriate training will be provided in accordance with regulations.

- ***Residents and visitors:***

4.8 We continue to explore new ways of working, and this will have an impact on our communities and visitors to the Council. The extent of that impact will vary, for example consideration of devolving responsibilities to a Community Social Enterprise would require significant engagement of a specific group of residents. Wiltshire Council's current procedures and approaches to consultation are recognised as exemplar, and we will continue to uphold this goal, and ensure that any development of a more commercial approach maintains engagement with our communities and that their views and voice are part of decision making.

4.9 Our residents and visitors will also be our customers and as such we need to engage them around views of satisfaction and experiences with services, as well as to identify potential gaps in markets. We will explore options to assess this through resident groups and market testing.

- ***Local employers:***

4.10 Wiltshire's businesses play a key part in our approach, they can be both enablers and competitors. As such we need to engage at a county wide and local level. We will work with providers to share market intelligence where there are gaps in current or future markets to help shape both our thinking and potential competitive opportunities.

- ***Partners:***

4.11 Our public sector partners too can be both enablers and competitors. As such we need to continue to work closely with them to take advantage of opportunities around One Public Estate, but also developing market opportunities.

- **Councillors**

4.12 Councillors will be involved at all stages of any shaping of policy or decisions around changes to models of delivery. We will invest in their skills and understanding to ensure that Scrutiny can effectively check and challenge proposals and analyse all assumptions and options. We will ensure Cabinet have the skills to make decisions and act on any decisions to act in a statutory role as a result of a change in delivery model if / as appropriate, for example as Directors.

- **Others:**

4.13 As we develop options and ideas we will need to ensure we are engaging the widest audience, whilst we will always recognise our key stakeholders part of the decision-making process will assess any gaps to ensure that our decision making is the best informed it can be. This could include seeking soundings with central government, professional bodies or external advisors. So, for example we will test for any optimism biased in business cases by seeking independent reviews of assumptions benchmarking ours against market experience and forces. So that means we could employ experts in theatre and the arts to appraise assumptions around growth in bookings, or financial experts to appraise borrowing analysis.

5. How will we measure success?

5.1 We will use the following as initial measures of success:

Overall:

- Action Plan to outline the next 12 then 36 months delivery plan presented to Management Overview and Scrutiny by June 2018. Then delivery against the milestones in that plan.
- £8 to 10 million of additional income opportunities identified and 50 to 75% delivered
- 5% reduction in net expenditure due to increased income
- 5% reduction in overhead costs
- £10 million of capital receipts

Data

- Joined up Finance, Performance and Risk report to Cabinet by September 2018

Skills

- 75% of staff completed commercial and finance competence framework by July 2019.
- 3% increase in new jobs from commercial ventures by 2021, including 25% being apprenticeships.

Assets

- £1 million increase in advertising and marketing income

6. How will we review the Strategy?

- 6.1 Following adoption of this Policy and Approach a 12 month programme of action, and an outline 36 month plan will be reported to Cabinet in early Summer 2018. This will be reviewed by Management Overview and Scrutiny twice a year, and commentary included in their Annual Report. The Leader will also note progress in delivery alongside annual updates of the Business and Financial Plans.

Author: Michael Hudson – Director of Finance

Appendices:

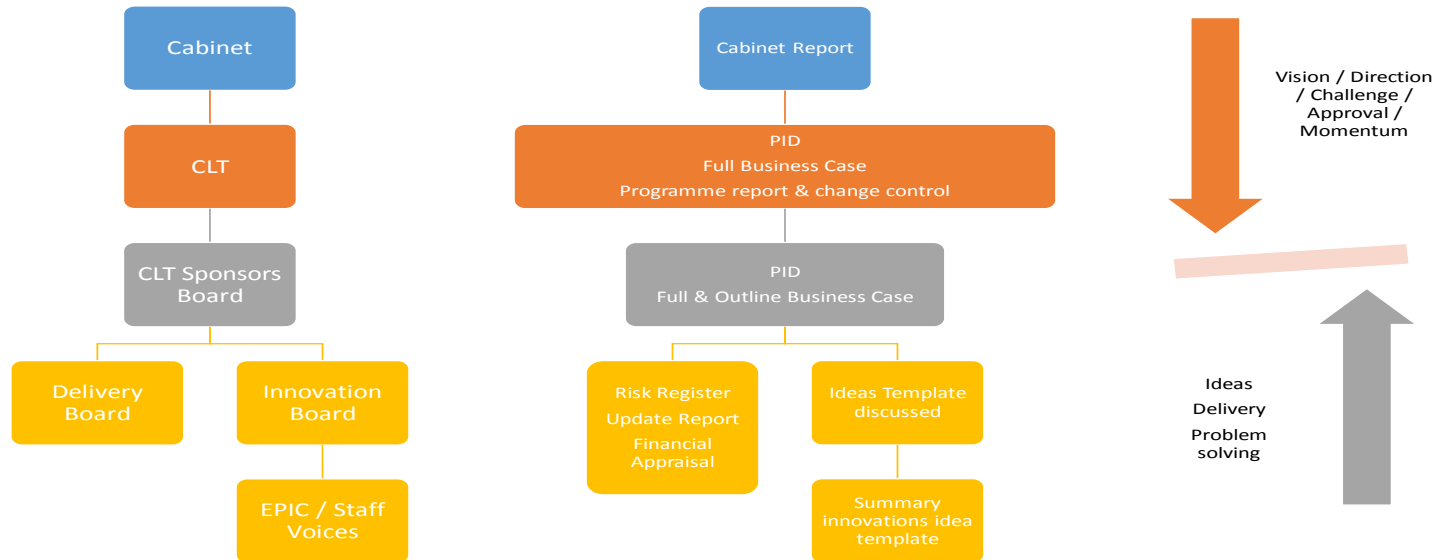
Appendix 1 – Governance and Business Case structure

Appendix 2 – Factors to assess delivery models against

Governance and Business Case structure

- **Governance Structure**

The focus will apply a Programme Management approach to ensure a consistent approach across ALL programmes of work with Cabinet signing of decisions per the Constitution, and CLT acting as the key vision and sponsors, with groups of CLT leading different programmes of delivery. Each CLT Board will be supported by a Delivery Board who will be appointed following a successful Project Initiation document (PID) to draw up and Outline and then Full Business Case (OBC and FBC) as appropriate. An Innovation Board will consider ideas from staff groups, including EPIC, and make recommendations to next steps, including suggesting PIDs as appropriate. There will of course be interdependencies and links between projects and thus a high-level risk register for all of the programmes.



Outline / Full Business Case Document

Project Name:

Author: [Name]

Sponsor: [Name]

Version [n.n]

dd Month yyyy

Amendment History

Issue	Date	Author	Reason

Distribution List

Name	Department / Organisation

Contents

		Page
1	Executive Summary	4
2	Introduction and Overview	4
3	Market Analysis	4
4	Assessment of Benefits	5
5	Cost / Benefits Analysis	5
6	Options Appraisal	5
7	Key Assumptions and Dependencies	6
8	Risk and Sensitivity Analysis	6
9	Resource Requirements and Cost	6
10	Funding Source / Timing / Certainty	6
11	Timescales	7
12	Comments / Issues	7
13	Conclusions / Recommendations	7
14	Appendices	8

1. Executive Summary

The Executive Summary should provide a short, informative headline summary of the Business Case document to follow. It should typically be no longer than 1 page and contain:

- *A short narrative to identify the subject, scope, method of analysis and key results and findings;*
- *A short list of the key objectives of the project*
- *A summary of the financial metrics (table below, provides a very basic and high-level example of summarizing outlay and ROI) from the investigation, highlighting the most significant;*
- *A summary of the social value to be secured*
- *Risk and opportunity assessment*
- *Next steps, including any consultations and decision-making paths*

A brief summary of the conclusions as a result of the study

Financial Appraisal Summary	Year 1	Year 2	Year 3	Year	Total Cash Outlay / saved
Investment Value (£) – Capital	£x	£x	£x	£x	£x
Investment Value (£) – Revenue	£x	£x	£x	£x	£x
Available / Committed Funding	£x	£x	£x	£x	£x
Savings	£x	£x	£x	£x	£x
Savings with sensitivity	£x	£x	£x	£x	£x
Return on Investment (ROI)	£x	£x	£x	£x	£x
Payback	....	....	....	....	....
Opportunity Cost	£x	£x	£x	£x	N/A
Other	...	...	...	...	...

2. Introduction and Overview

This section should describe the setting, background and context of the Business Case. It should serve to clarify and elaborate the subject matter of the Business Case. It should clearly state the purpose of the Business Case, e.g.

- *To obtain financial approval to either commence a project or proceed to the next stage;*
- *To compare alternative solutions, etc...*

It should explain the objectives, needs or problems addressed by the requirement. The objectives should be stated in clear and measurable terms with a specified time frame, e.g.:

- *To have improved digital platform that can allow transformation of processes that reduce costs and allow pay and other savings.*
- *To invest £xx in a digital platform project that will ultimately provide a x:1 return on the initial investment (spend to save)*

It should outline any relevant related initiatives – is the project part of a larger programme? Are there dependencies on the delivery of other projects to realise the benefits?

It should include a statement how the project is “right-sized”; that is ensuring that the proposed solution is realistically scoped to ensure that the benefits and costs to deliver are in line.

3. Market analysis:

What is relevant to include in this section will depend on the type of investment.

A summary should be given of the main outcome of a full market analysis which should include consideration of the political and economic environment, confidence in likely service providers (systems or consultants), threats from emerging technology etc. Various techniques, e.g. sensitivity analysis can be used to analyse the market. The full analysis may be included as an Annex but the summary should give the degree of confidence in the market and any particular threats. As well as the opportunities to shape a market that does not exist but could.

4. Assessment of benefits:

The benefits to be gained from the investment compared to the alternative of ‘doing nothing’ should be summarised. Benefits should be identified and quantified in financial terms: as appropriate, this to include projected cost reduction against investments, impact if no investment, reduction in risk, improvements in quality, reliability, accuracy and other tangible, non-tangible and consequential benefit i.e. ‘what are the real benefits from making the investment?’ This should also be assessed against a payback period, with projects giving a positive return within 3 years if the investment is less than £1m and 5 years and no more if greater than £1m.

A full assessment / explanation of the benefits should be included as an Annex if appropriate.

5. Cost / Benefits Assessment

This will clearly identify the cost benefit against the investment that is being made. This should consist of a simplified presentation of the financial cost/benefit analysis - presented in tables or graphs;

This should include an assessment of:

- *Investment value – Revenue and Capital, recurring and non-recurring*
- *Cost Saving first 12 months (£), recurring and non-recurring*
- *Cost Saving after first year (£), recurring and non-recurring*
- *Depreciation costs / whole life cycle costs*
- *Overhead implications (£), recurring and non-recurring and split direct, indirect and general overheads*
- *Total cost (£)*
- *Cash outlay (£)*
- *Net present value*
- *Payback period*

This should then be considered based on a sensitivity / confidence analysis to stress test the assumptions and highlight key risks in deliver. Refer also to later sections on Risks.

Additionally, an assessment of unquantified Benefits and Costs, and Strategic Contribution should be considered:

- *If a non-financial benefit is significant, then define it. Make the impact of the benefit tangible – describe all likely effects and implication*

6. Option appraisal – Recommended option:

When formulating an investment proposal, the options available, including the 'do nothing' option, should be considered and compared. Based on the outcome of the comparison of the options i.e. the option appraisal, a recommendation should be made for one option.

The full option appraisal should include a cost/benefit/risk comparison between the options available to address the business problem / opportunity. Options to include 'do nothing', business and technical options, timing options and, if at all relevant, consideration of 3rd party involvement – contractors, joint ventures partnerships, PFI and funding options. When considering options, relevant strategies, standards and legal requirements should be considered.

Depending on the situation the option appraisal may be simply qualitative or a detailed analysis. It may be done in two stages i.e. a broad sift of a wide range of options followed by a detailed examination of say, 3 of them.

The criteria should include an assessment of how the options:

- *deliver our business plan objectives*
- *provide savings*
- *provide for new / additional income*
- *The impact on staff*
- *The impact on our infrastructure, including buildings and IT*
- *Dependence on a 3rd party / partner and the level of support from that party*
- *Health & Safety risks*
- *Legality of the scheme and associated risks*

This will be weighted and a score of 1-5 (1 being poor and 5 being fully meets criteria).

A bar can / will be set in the Project Initiation Document for the options to be considered and no option will be considered if the bar is not at least reached. The scoring will be undertaken by the Working Group and assessed by the relevant Board, with the paper being subject to any independent / member scrutiny per the Constitution.

7. Key assumptions and dependencies:

Key assumptions, which, if they turn out to be wrong, may affect the projection for and the eventual success of the investment, should be identified.

Key dependencies, which if not in place may affect the outcome, should also be clearly identified.

Comments about likely inflation rates in the cost and benefit estimates should be included in this section as well.

This section will also seek to include Independent Third-party assessment of the assumptions and flag up any optimistic bias that could raise risks to delivery.

8. Risk and Sensitivity analysis:

The key business risks associated with the recommended option should be summarised, particularly those which may impact on the financial projections (costs and/or benefits). The summary should include an indication of the probability and likely impact of the risks and the measures being proposed to manage the risk(s) and / or to reduce their impact e.g. business case review prior to major cash expenditure. Political, Operational Economic / Financial and Technical (POET) risks should be considered as they could all contribute to the overall business risk.

The financial projections presented in support of the recommended option should reflect the expected, or most likely, outcome of events. In presenting an analysis of the business risks, the Sponsor should identify the major sensitivities to which the investment could be exposed, typically the impact of cost overruns, time slippage which may result in higher costs and missed opportunities; failure to achieve the development/investment period.

<Write risk and sensitivity analysis here.>

9. Resource requirements and costs:

The resource requirements and costs associated with the recommended option should be summarised i.e. external costs for equipment, external service costs e.g. for consultancy and internal staff costs. The summary is to include investment and running costs.

	Capital/ Revenue	Yr 1 £k	Yr 2 £k	Yr 3 £k	Yr 4 £k	Yr 5 £k	Yr 6 £k
Income							
-							
-							
-							
Total Income							
Costs							
-							
-							
-							
Total Costs							
Total Surplus (Deficit)							
Cumulative Surplus (Deficit)							
Total Revenue Income							
Total Revenue Costs							
Total Revenue Surplus (Deficit)							
Total Capital Costs							
NPV at 5.4%							
Payback YR							

10. Funding source / Timing / Certainty:

The source and timing of the funding for the investment, be it required, known or suggested, should be identified and an indication given of the certainty or otherwise of the funding being available when required.

11. Timescales:

The proposed start and end dates should be given together with a list of significant (particularly financially significant) milestones (events with dates). Where relevant, the milestones to include dates on which the investment should be reviewed.

Main milestones and dates:	Proposed start:	Proposed end:
Tba	date	date

12. Comments / Issues:

This section to be used if needed to draw attention to additional points or issues, which should be considered when considering the business case.

13. Conclusions and Recommendations

Bring the document to a close by concluding the findings and making recommendations.

14. Appendices

Appendices are where to put the detailed calculations, figures, reference material and other back up data that may have a limited audience but is worthy of inclusion.

You should put all of the detailed calculations in Appendices – and only have summaries in the main body (referring to Appendices) – if in doubt, put it in an Appendix.

Detailed Assumptions and Risks may also be placed in Appendices – but summaries should appear in the main body.

<Insert Appendices here.>

Factors to assess delivery models against

The process must start with:

- 1. *Decide on the strategic objectives and the desired outcomes.***
- 2. *Decide on the model of delivery.***
- 3. *Decide on the vehicle to deliver the services.***

So, we need to ask ourselves right at the start What are we trying to achieve, is this to make savings, attract jobs into the county, to allow residents more freedom, and so on. So, some useful questions to help assess question 1:

- Do we know the local need?
- Do we know the market well enough and how we compare?
- Can we say what success looks like and clearly measure that now and predict it?
- Do we know what it costs?
- Do we know from our values why we deliver the service and why we would always need to, or not because of asking that question? Just because we statutorily need to provide it is not enough to keep a service as is.

Then we can consider the models of delivery:

- Cost, how much is assessment and set up? To set up a new model will need initial detailed assessment, including potential support costs but these could be offset and recovered in a delivery vehicle over time and not borne immediately by the Council Tax.
- Time, how quickly can we decide and implement a model? For example, keeping a service in-house is easier and quicker than setting up a Local Authority Traded Company
- What are the savings / income opportunities, for example secure financial benefits for some models i.e. tax and NDR for charitable organisations?
- How will the model affect staff? In particular pensions and terms and conditions, but also will it allow greater freedom or opportunities to grow?
- Will it allow the Council to take advantage of freedoms, that may be grant or legislative freedoms?
- Will it enable more streamlined and harmonised processes to improve service efficiency?
- Will a traded entity in itself encourage entrepreneurship in staff that is not present at the moment as they have a state in the entity?
- Will it enable less red tape/bureaucracy, for example how will certain rules apply or not?

- Will it bring the service closer to the customer, for example a social or community enterprise?
- Will it see a lessening of councillors control or sovereignty over decision making? Is this a bad thing?
- Will it overcome cross-sector differences in regulatory and legislative frameworks which can delay or make work more difficult/ time consuming?
- Will it require new technological solutions due to for example incompatibility across partners, and are they available?
- Will there be an ability to share and store data storage/handling outside the organisation?
- What will be the financial impact on remaining 'in house' support services?

After all of this we can then start to propose the right delivery model with more confidence it meets our stakeholder, business objective, and financial needs.