

Wiltshire Council

Overview and Scrutiny Management Committee

30 January 2018

Report of the Financial Planning Task Group:

Draft Wiltshire Council Commercial Policy and Approach 2018-27

Purpose

1. To present the findings of the Financial Planning Task Group following its consideration of the Draft Wiltshire Council Commercial Policy and Approach 2018-27.

Background

2. In October 2017 the Financial Planning Task Group's Chairman joined the OS Management Committee chairman and vice-chairman for their annual meeting with the Executive to discuss work priorities within the 'Finance and Procurement' portfolio. Here the Cabinet Member for Finance invited overview and scrutiny to help develop the council's Commercial approach. On 28 November 2017 Management Committee agreed that commercialism should be included within the Financial Planning Task Group's remit, with findings brought back to Committee prior to referral to Cabinet.
3. On 18 December 2017 the Task Group met with the Cabinet Member and Service Director for Finance, and the Corporate Director for Growth, Investment and Place, to discuss a draft version of the Wiltshire Council Commercial Policy and Approach 2018-27.

Findings

4. Given the significant reductions in grants from central government and projections of rising demand for core services over the next few years, the task group agrees that there is now a need to increase income generation to deliver some of the £45 million of savings the council faces (paragraph 1.1). It therefore see this document as a timely and necessary starting point in taking this forward. **(Recommendation 1)**
5. Although the task group commends the document's ambition, the stated aspiration of only key priority services being funded through Council Tax and others being funded from the council's commercial work may be optimistic in the

short- and medium term (paragraph 1.3, point 4). While a target income from 'Commercialism' of £5M over the next 3-5 years has been discussed, instances of councils making financial losses or incurring reputational damage due to unwise investments are widely reported in the media. Examples of successful ventures are less widely known and the council may wish to highlight these in order to grow confidence in this approach (**Recommendation 2**).

6. The document outlines a sensible approach to increasing the council's ability to generate income and deliver further savings through focusing on four key areas (paragraph 1.3):
 - a) Improving our data and management information
 - b) Improving the skills of our staff
 - c) Using our assets and resources to make financial returns
 - d) Reviewing and revising models of delivery.
7. In particular the task group supports the commitment that the council ensures it has considered all relevant data and information before taking decisions that involve expenditure and financial risk.
8. The task group notes, however, that these are not specifically 'commercial' practices; they are practices required of any efficient and effective organisation that uses the information and resources it has to make informed decisions. The terms 'commercial' and 'commercialism' may need to be clarified as some members of the public may interpret them as signifying a shift away from "the delivery of public services to the people of Wiltshire and most importantly the support and welfare of the most vulnerable in society" (Foreword). (**Recommendation 3**)
9. The task group supports the introduction of a standard template and a thorough, evidence-based process for the consideration of business cases where a new innovation or commercial venture is proposed (Appendix 1 of the document). The task group would welcome more detail on the nature of the 'independent' scrutiny (of proposals) referred to in Appendix 1 of the document.
10. The task group also supports the introduction of a consistent process for developing each proposal (Appendix 2 of the document), as follows:
 - a) Decide on the strategic objectives and the desired outcomes
 - b) Decide on the model of delivery
 - c) Decide on the vehicle to deliver the services.
11. The task group supports the document's reference to upskilling officers to enable them to innovate; including identifying and pursuing commercial opportunities; and, where appropriate, recruiting new staff with 'commercial' skillsets (paragraph 1.2). Staff will also need training on gathering and analysing relevant data effectively so that the council's commercial decisions are taken having considered all of the available information.

12. The task also wishes to emphasise the scale of the cultural change required of the organisation if the new approach is to be embedded successfully. The vast majority of the council's work hitherto has not had income-generation as a core objective and this will inevitably be reflected in the natural leanings and knowledge bases of officers. Introducing this element into officers' day-to-day work will represent a significant shift and they will understandably need support in order to do so successfully. **(Recommendation 4)**
13. The council will also want to consider what knowledge and skills councillors require to understand and contribute to this new area. Overview and Scrutiny in particular will want to ensure these are reflected in its Learning and Development programme. **(Recommendation 5)**
14. If councillors are to act as 'company directors' (paragraph 4.6) they will need a proper understanding of the role's legal requirements and obligations. In particular they will need a clear understanding of the interplay between their obligations as a director and those as a councillor, including conflicts issues, when to recuse themselves from decisions of either body and the possible needs for firewalls etc. Care needs to be taken to ensure the council is not exposed further by any decisions such individuals may take when acting as a director.
15. The task group supports increasing the organisation's recognition of the value of what it has, whether that be property, skills or information (paragraphs 3.13 to 3.18). It is concerned that the council does not currently seek to ensure that information of potential value is subject to specific confidentiality obligations, such as in employment contracts or tender documents. This needs to be addressed. **(Recommendation 6)**
16. By entering the commercial world the council will be competing with established enterprises with long experience of their sectors. The council will therefore need to choose which opportunities to pursue with care, taking account of the resources and skillsets it has available and the risk-reward breakdowns for the organisation. The document provides a useful framework for developing the council's commercial approach and only briefly refers to "areas where we have already got a presence, where we have existing assets or existing skills and resource" (Foreword). The task group awaits more detail of specific opportunities under consideration and looks forward to positive engagement on these (see paragraph 17 below).
17. The task group welcomes the Cabinet Member's engagement with Overview and Scrutiny on the draft document and the commitment within it to bringing action plans to Management Committee twice annually (paragraph 6.1). Management Committee may want the task group to lead detailed work in this area and bring findings back to Committee for wider discussion. **(Recommendation 7)**

Proposal

18. To endorse the following recommendations and, where appropriate, refer them to the Cabinet Member for Finance, ICT, Procurement and Operational Assets:
 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;
 2. That examples where local authorities have successfully pursued commercial opportunities be highlighted in order to grow confidence in this approach in Wiltshire;
 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.
 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.
 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.
 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.
 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.

Cllr Ian Thorn, Chairman of Financial Planning Task Group

Report author: Henry Powell, Senior Scrutiny Officer, 01225 718052,
henry.powell@wiltshire.gov.uk