

Commercial Development and Innovation Strategy

2017 – 2020

Innovation
Excellence
Selling
Profit
Investment
Assets
Income
Trading
Business
Clients
Productivity
Commercial
Development
USP
Growth
Improvement
Sustainable



South
Northamptonshire
Council

Cherwell
DISTRICT COUNCIL
NORTH OXFORDSHIRE

Introduction

This strategy sets out Cherwell District and South Northamptonshire Councils' approach to commercial development and innovation. As one of the key drivers of organisational transformation our commitment to becoming more commercial links directly to our medium term revenue plan which, in common with all local authorities, identifies gaps in funding.

The national policy landscape and medium term economic picture are in a state of flux with a new Cabinet and the longer term implications of Brexit not yet clear. However, the financial outlook for local authorities remains challenging and this is unlikely to change. Both councils are facing significant funding deficits in their medium term revenue plans.

Given national policy change and the likelihood of on-going financial constraints, delivery of the councils' strategic priorities around sustainable economic growth, housing, community development and supporting vulnerable people remain at the heart of our commercial and innovation strategy.

The councils have already set out an ambitious transformation programme with two main objectives;

delivery of efficient customer focused services and the generation of income through innovative and commercial opportunities. There is already an established programme of joint working, business transformation, and organisational development to underpin these and a new operational excellence and quality management strategy has also been developed to ensure arrangements are in place for continuous improvement, productivity and customer service. The councils' commissioning framework ensures there are clear strategic objectives in place, a business plan to deliver them and an on-going process of review to ensure services are delivering what customers need in the most appropriate way.



Our vision and business model

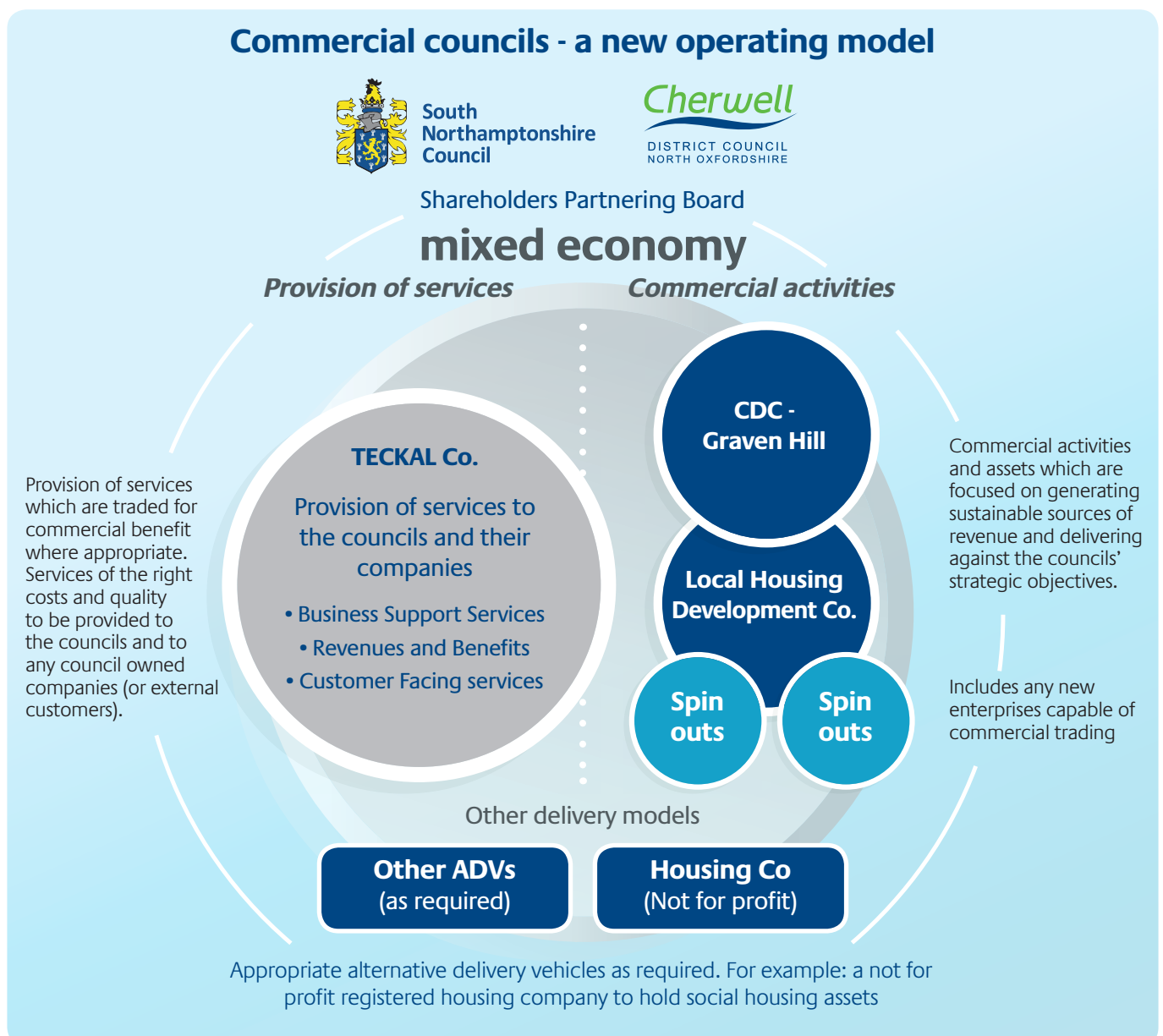
Our vision for a partnership of commercial councils is linked strongly to our commitment to deliver the best outcomes for our local areas; great places to live, thriving communities and an environment where businesses choose to locate, grow and flourish.

Our approach to commercial development is straightforward. Over the next five years we will have secured our long term financial future by:

- Investing in new assets and opportunities that enhance the quality of the districts.
- Providing valued new services to local businesses and residents.
- Generating sustainable income from trading.

To do this we will need to continue to reduce our overheads, and to increase efficiency and productivity across all our services.

Where it is appropriate to do so, the councils will establish new service delivery models, such as council owned companies, which will enable us to trade, develop new assets and to offer new services. The diagram below sets out the councils' operating model; a mixed economy approach where services may be delivered in house, by arm's length companies, in partnership, or by third parties.



Commercial development principles

Our commercial development objectives are aimed at ensuring the councils have a sustainable financial future so frontline and community services are protected and underpin our commercial activities. They can be described as...

- **Innovation**
- **Commercial Focus**
- **Social Impact**

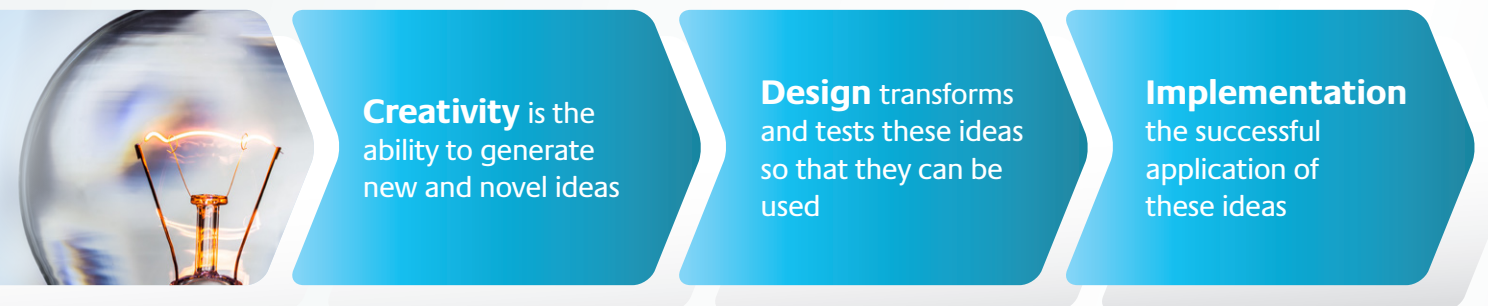
Innovative councils

Innovation, the creation and implementation of new ideas that enhance performance or productivity or generate new income streams is essential if we are to realise our vision. Ideas alone do not bring about change. Therefore we must establish clear processes and support to take ideas, develop and deliver them.

Innovations can be changes to services, business processes, technologies, organisational arrangements or democratic approaches. The purpose of innovation is to deliver added value to the customer, and this may be through the development of new ideas, products and services or through tangible improvement to existing practices.

What is special about innovation?

Innovation is more than having a good idea, although that's where it starts. Innovation is about implementation and delivery and accepting that developing and delivering new ideas requires the organisation to support and encourage innovation and tolerate the risks associated with it.



We will do this by:

- Establishing a commercial development programme to help staff develop the skills and provide capacity to both create and innovate.
- Empowering mentors across the councils to support and challenge innovation helping to implement innovative ideas.
- Establishing an innovation intranet, for staff to make suggestions, review ideas and collaborate to support organisation improvement and efficiency, new ways of working and commercial projects.

Ideas can come from anyone, anywhere. They may be brand new or new to the councils and in use elsewhere, borrowed or adapted best practice from other councils or organisations, or the commercial sector and they may be suggested by customers, members or partners.

Our commercial principles

To shape our commercial objectives we have set out a series of principles which will ensure we focus on commercial projects that are likely to generate value for the councils and the districts.

We aim to differentiate from others to create competitive advantage:

- This means we are truly innovative on a national basis.
- We do not try to compete as a commodity supplier, on a low cost or reduced quality basis.

To survive in a commercial world we aim to maximise profitability and growth in market share:

- To do this we use our expertise and predisposition to create unique solutions; we take the high margin and franchise or license solutions to others (e.g. other councils or established companies) to maximise total value. We make opportunities as big as we can.
- We do not hold onto opportunities or pursue projects that no longer meet our required rate of return.

We are commercially focused:

- This means we understand the environment of our customers and partners to identify opportunities and
- We don't do things just because we want to do them or because others do them.

We are the pacesetter amongst all councils:

- We will understand what other councils are doing and do it better or do things differently.
- We control our own destiny and
- We do not let others take our value or define our agenda.

To be sustainable we must operate with integrity:

- This means our stakeholders are our shareholders; this is the foundation of our economic model and
- We avoid giving profits to third parties.

Social Impact

As local authorities we have a duty to the districts we govern and our commercial activity will respect and support this through the following values:

Framework	Creating a positive social impact within the districts. Always being ethical and honest.
Environmental	Minimising the environmental impact of all undertakings. Promoting and supporting environmentally sustainable opportunities.
Economic	Ensuring all commercial opportunities we develop are appropriate and that they contribute to the growth of the local economy.
Sustainable	Creating long term value contributing to the districts' economic growth.

Commercial development objectives

During 2017-2020 this strategy will support the development of new ideas, services, products and opportunities to generate income for the councils that will be invested to ensure frontline and discretionary services can continue to be delivered. Commercial development and income generation underpins the councils' vision for long term financial sustainability which will ensure the strategic priorities for the districts can be delivered.

The commercial development and innovation strategy sets out which commercial activity will be undertaken. The objectives are to:

1. Address the currently identified gap in the medium term financial strategies.
2. Instil and grow a customer focused and commercial culture throughout the councils.
3. Enable the sustainability of the councils through financial independence.
4. Support staff to innovate, create and deliver new opportunities and drive continuous improvement and Operational Excellence.

The approach to generating income will be based on four themes:



1 Growing existing income

Identifying existing service based income streams that have potential for growth. Realising that growth where it is profitable and appropriate to do so. Developing and changing existing service delivery to create value and generate income.



2 Trading our services

Developing our services so they can be offered on a business to business basis or our own arm's lengths organisations on a commercial basis; this includes increasing efficiency and productivity.



3 Offering new services

Developing new services to satisfy current customer needs or to realise the potential of existing assets.



4 Investing in assets, major initiatives

Developing any new or innovative idea with significant potential including asset acquisition.



What does success look like?

This strategy sets out a vision for commercial development over the medium term. Our objective is not to trade every service but to develop a series of services, projects and new assets that develop revenue streams for the councils which will enable financial sustainability.

Over the next three to five years the strategy will deliver:

- A jointly owned company to deliver a revenues and benefits service.
- A jointly owned enterprise to develop opportunities for rental, commercial sales and self-build housing across the districts.
- Our new asset management strategy with a commercially focused asset and facilities service.
- A new procurement strategy that drives efficiencies and delivers opportunities for innovation and new commercial partnerships.
- A new approach to support services which ensures cost effective, customer focused, solution orientated quality advice.
- A series of high quality business support services which support and promote economic growth across the districts.
- Growth of the jointly owned council company to include additional services and a commercial offer to potential customers.

Success will ultimately be measured through the generation of income and an increasing customer base and each project will have its own performance measures. However, we recognise that not all projects will be successful or appropriate and have established a set of guiding principles under which commercial activity will operate; initiatives will be tested against these (set out in the commercial development principles section).

Implementation

How will we deliver this?

For 2017/18 all services will set out their commercial objectives in their business plans. Not all services will be expected to trade or to be provided through an alternative service delivery vehicle but all will be expected to set out a route map to either generate income, deliver new commercial projects, facilitate commercial development or increase their efficiency / productivity.

In addition to individual service objectives, a rolling commercial development action plan will be produced and deliver projects aligned with each of the four objectives set out above. The Councils' Joint Commissioning Committee and Member Commercial Panel will oversee commercial projects and ideas as they are developed.

Innovation, skills and capacity

A toolkit to support commercial development and innovation will be produced and, as part of the people and organisational development strategy, a commercial skills and innovation programme will be launched to support a new entrepreneurial culture, the implementation of innovative ideas and to increase capacity to deliver major projects.

- Commercial opportunities will be scoped with a short feasibility study. If potential is identified a business case will be developed.
- Twice yearly innovation seasons will run where staff are supported to develop and implement innovative ideas for income generation.
- The commercial skills programme will also run twice yearly.