

Resources Scrutiny Commission

24 September 2018



Report of: Director: Commercialisation

Title: Towards a Commercialisation Strategy

Ward: N/A

Officer Presenting Report: Penelope Fell

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Recommendation:

That the Resources and Scrutiny Commission note:

1. The progress made in scoping and assessing the council's existing commercialisation initiatives.
2. The next steps needed to implement a council-wide, up-to-date fit-for purpose commercialisation strategy and programme that both offers best value and achieves income growth and efficiency savings for existing and new council services.

The significant issues in the report are:

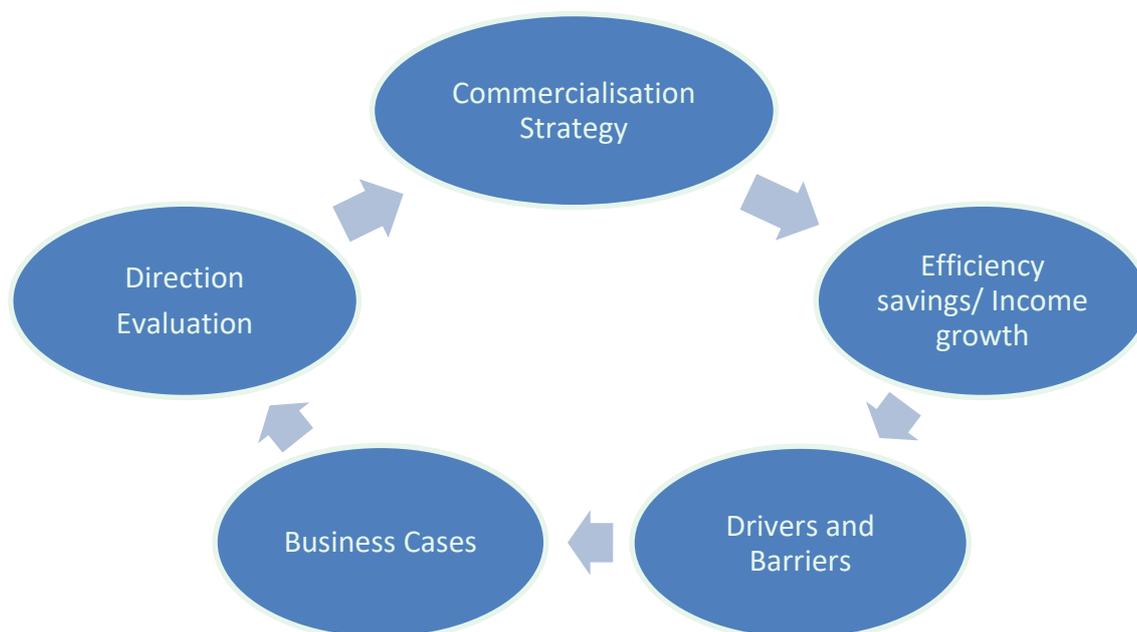
The report addresses five significant issues:

1. It identifies the need to develop an up-to-date fit-for-purpose council-wide commercialisation strategy and programme.
2. It shows the 'drivers' and 'barriers' that need to be addressed to ensure the council becomes more business-like in securing not only income growth but also efficiency savings from its commercial aims.
3. It pinpoints the need to develop, implement and evaluate 'SMART' business cases and the associated council capacity and competency requirements that need to be resourced.
4. It refers to the council's capability to carry out a 'top down' scrutiny of the council's commercialisation strategy and programme and the 'bottom up' needs to evaluate business cases and instil that learning for future project development.
5. It emphasises that building confidence in the council's ability to be more business-like, and delivering commercial 'quick wins', will require early 'buy in' at senior levels in the council's decision making structure.



1. Summary

Table 1: The Commercialisation Cycle



1.1 The Commercialisation Cycle set out in Table 1 illustrates the sequential process used by large formal organisations like Bristol City Council to develop, implement, and evaluate complex programmes and projects. The Cycle not only identifies the recurring timeline that drives progress, or the need for further development, but also distinguishes the respective responsibilities and roles of the council’s decision-making structure and service base.

1.2 The Commercialisation Cycle has also been used as the starting point for the scoping and assessment of the council’s current and past commercialisation initiatives that inform the remainder of this Report.

Terms

1.3 The council has no widely understood meaning of the term ‘commercialisation’. Understandably, Directorates have therefore adopted different benchmarks for the way commercial initiatives are assessed and introduced. What could constitute a council-wide working definition has therefore been adopted for this Report and that is:

“BCC will achieve efficiency savings and income growth by **developing, implementing** and **evaluating** commercial objectives and activities in a more business-like way”.

1.4 It should also be noted therefore that the term ‘business-like’ used throughout this Report should be taken to mean having a clear understanding of how we **responsibly** use the resources at our disposal, and create efficiencies accordingly. It also means that we can clearly articulate that use of resources by understanding and implementing a Full Cost Recovery business–efficient approach to that usage – that is, being able to calculate the true cost of delivering the service, including salaries and on-costs; the costs of equipment, travel, marketing and publicity, central support resource provision included in overheads, and so on; so that colleagues are skilled up to use resources responsibly. And it means ensuring that all council colleagues understand how their individual contribution to the work of the council is valued, regardless of the service they work in, and are

encouraged to broaden that contribution by being better engaged in the way that the council plans and conducts its business.

2. Context

Table 2: Drivers and Barriers

<p>-/+</p> <ul style="list-style-type: none"> • Business competencies (including business planning, understanding P&L, trading A/Cs, costs of service provision, business risk analysis) • Tender and contract renewal readiness • Staff deploying business competencies - keen but business ready training needed 	<p>+/+</p> <ul style="list-style-type: none"> • Readiness to implement commercial culture change throughout senior DM structure • Examples of desire to improve services through commercialisation
<p>-/-</p> <ul style="list-style-type: none"> • Need for BCC-wide Commercialisation Strategy • Need for business-like culture • Need for BCC-wide SMART commercial objectives and activities 	<p>+/-</p> <ul style="list-style-type: none"> • Governance capability - decision making structures in place require review to be up-to-date and fit-for-purpose • Recognition that commercialisation supports achievement of efficiency savings/income growth • CIWG already in existence

2.1 In summary, the ‘Drivers’ shown in Table 2 above demonstrate the determination of the council’s senior decision-making structure for the organisation to operate in a more business like way. They also record the enthusiasm shown throughout the council to support service retention and development by not only offering best value at the point of delivery but also achieving efficiency savings and income growth to secure their long-term future.

2.2 However, equally briefly, the ‘Barriers’ identified also reveal the pressing need to put in place an up-to-date, fit-for purpose council-wide commercialisation strategy and programme with strategic aims that meet both the Mayor’s and Council’s wider economic, social and environmental aims.

2.3 They spell out the need to build organisational capacity and competencies in key areas of experience skills and knowledge ranging from tender submissions and contract renewal through to marketing and competitor analysis so that the council begins to operate in a more business like way.

2.4 They also note the need to break down barriers to the development, implementation and evaluation of business cases so that they are built on SMART commercialisation objectives and activities.

Building Business Cases

2.5 Business Cases need to be built as part of a council-wide Commercialisation Strategy and programme and developed, implemented and evaluated with:

- 3 year commercial aims to achieve efficiency savings and income growth;
- SMART annual business objectives and activities;
- responsibility assigned to named individuals for delivery against the above timescales;

- supporting financial plans.

Core Commercialisation Programme

2.6 It is clear that the capability, capacity and competencies that currently exist in the council can only realistically achieve a core Commercialisation Programme that adopts an “incubator” approach consisting of no more than:

- a major 3-year service spin-out;
- up to 3 annual mid-range commercialisation projects; and,
- a rolling programme of commercialisation micro-projects.

Conclusion

2.7 The Resources and Scrutiny Commission have asked that the Director: Commercialisation provides this Report and includes her initial observations on her responsibilities and role.

2.8 Although it is less than 50 days since the Director joined the council, it is already apparent that the following should form a part of her overall remit:

- act as mentor to change council-wide culture to enable the council to become more business-like through a Commercialisation Strategy and Programme;
- work in partnership with Directorates to develop, implement and evaluate projects that will achieve efficiency savings and income growth;
- create confidence in the Commercialisation approach across the council by identifying and prioritising potential ‘quick win’ micro-projects, and developing a network of service-based Commercialisation champions;
- build capacity and competencies with partner Directorates;
- recommend changes and improvements in governance capability, decision making structures, and oversight and scrutiny, with a particular focus on the council’s wholly-owned businesses and the services commissioned from them;
- use council resources to direct the development and evaluation of Business Cases so that they adopt best practice methodology and become both up-to-date and fit-for-purpose; and,
- recommend incentives and other measures so that both the council corporately and Directorates individually are either rewarded by their commercial activities and/or embrace commercial culture change more readily.

2.9 The following will be crucial in making the council more business like and move it towards a Commercialisation Strategy and Programme and, being specific to her role, are matters that she would expect to report on regularly to the Resources and Scrutiny Commission - subject of course to the pressures on the Commission agenda:

- achieving buy-in across council hierarchies and networks;
- cascading down throughout the council top-down direction of commercialisation aims, objectives and activities;
- building bottom-up capacity and competencies in partnership with council Directorates;
- evaluating delivery best practice progress, and reporting and directing accordingly across council decision-making hierarchies and networks; and,
- reporting on progress or otherwise to council decision makers on Directorates and services achieving either efficiency savings or growing income through the Commercialisation Strategy and Programme.

3. Consultation**a) Internal**

Elected members including CIWG members, BCC Head of Paid Service, BCC s151 Officer, Resources EDM.

b) External

Not applicable

4. Public Sector Equality Duties

- 4a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
 - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
 - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
 - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
 - iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
 - tackle prejudice; and
 - promote understanding.

4b)

Appendices:

- **Towards a Commercialisation Strategy**

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**Background Papers:**

None