

NORTH DEVON COUNCIL

COUNCIL: 25 NOVEMBER 2020

COMMERCIALISATION STRATEGY

**REPORT OF THE POLICY DEVELOPMENT COMMITTEE HELD ON 19
NOVEMBER 2020**

MINUTE 70. COMMERCIALISATION STRATEGY

The Committee considered a report to the Strategy and Resources Committee on 2nd November 2020 by the Head of Resources together with a minute extract and additional appendix (circulated previously) regarding the Commercialisation Strategy.

The Head of Resources advised that the report had already been subject to consideration by the Strategy and Resources Committee on 2nd November 2020.

He highlighted the following points to the Committee:

- The Authority had forecast large budget gaps likely in the near future.
- The aim was to look internally and externally for opportunities to potentially create revenue streams for the Council and to look to maximise any assets currently held. A good example was the letting of a parcel of land on Seven Brethren to the Police force on a commercial lease.
- The report set out the forecast budget gaps, alongside an amended version which identified the period should the expected Government funding not be forthcoming.
- The Government Spending Review was due to be announced shortly. This would provide a more accurate picture of the funding settlement but the Authority could not rely on funding alone.
- The Authority was looking to become more commercially-minded.
- This was not an exercise in budget cost-cutting. Improvements in efficiency and additional revenue generation were what was being sought.
- The targets set were aspirational – to deliver a minimum of £0.500m of new revenue income by 31st March 2023 and to reduce back-office costs by 5% by 31st March 2024.
- The Capital Spending Decisions should focus on at least one of the following main drivers:
 - Revenue generation / Invest to Earn
 - Invest to Save
 - Social Value
 - Improving the environment or increasing natural capital.

In response to questions submitted by Councillor Luggar (not present) the Chief Executive advised that there was no direct budget to support the strategy and that the budgets for the schemes would be presented as Business Cases to Members via Strategy and Resources Committee, then to Full Council, on a case by case basis as they would normally. The £0.5m was aspirational but could be met by savings and/or revenue streams which would be the result of a number of separate projects.

In response to questions from the Committee, the Head of Resources advised that;

- The target of £0.5m was a realistic and achievable one. At that time it was the preferred option rather than aim too high and struggle initially. Targets could be reviewed as time progressed.
- Central Government was monitoring the commercial activities being undertaken by Local Authorities and there were concerns over some types of investments and borrowing being made.
- Government reimbursement of charges and fees would not be affected by any revenue received from commercial projects. It was noted that the Government had not provided reimbursement to Authorities for commercial income losses.

In response to questions, the Chief Executive advised that;

- Some Authorities had been criticised over their commercial strategies where, for example, huge investments had been made into retail properties. These investments could be compromised as the retailers faced financial difficulties during the pandemic. The Council's auditors would be concerned with any investments they felt were 'cavalier'. It was for the Members to set the tone for Council's Commercialisation Strategy and steer away from investments made purely to generate income.
- The Council would not be insured against business losses as result from pandemics such as Covid-19. Many policies contained exclusion clauses which would prevent claims being paid.

The Chair advised that he felt the Council had been fortunate in that they had been slightly 'behind the curve' in relation to commercial investments to date as the pandemic took hold.

The Head of Resources advised that the Authority was now carefully looking at each parcel of land owned. Where, twelve months ago, it had been looking to sell surplus assets it was now reviewing them with view to the commercial options available. The Authority held a substantial asset base for which every opportunity would be explored.

In response to a question from Cllr L Spear, the Head of Resources confirmed that the Authority was looking at locations of current land owned which were adjacent to residential areas to explore the opportunity to provide housing, possibly working alongside local social landlords/ housing associations.

The Chief Executive advised that the Authority was also considering the options available in connection to the North Devon Biosphere. This may provide opportunities which work with the greener recovery plan. The Biosphere organisation had plans which they would be looking to develop.

RESOLVED, that the decisions and recommendations of the Strategy and Resources Committee be endorsed.