

North Devon Council Commercialisation Strategy



We have an overarching [Corporate Plan](#) and this Commercialisation Strategy sits under that document as a key driver for change.

The Council's Vision

“North Devon will be a sustainable, inclusive community; fostering prosperity and well-being for all.”

Background and Purpose

Councils continue to deal with unprecedented, complex and often difficult to predict financial pressures. Set against a backdrop of already established cuts in funding, a recognised housing crisis, rising demand for services and economic growth challenges and with further funding cuts likely, we have to take control of our future viability by becoming commercially focused to help **achieving financial security**, which is one of our five corporate priorities. The others being: Housing; Climate & Environment; Pride of Place & Prosperity; and People matter.

The overall objective is to reduce the reliance on government core funding grant whilst maintaining financial security in a prudent manner, taking opportunities to increase income and by being risk aware and not risk adverse.

Part of our drive towards financial security will include identifying new opportunities and investment in projects that provide good or even excellent financial returns. Whilst undertaking these commercial activities we should not lose sight of our values and our ambitions for our communities to achieve a promising future.

Following the first version of the Commercialisation Strategy that was approved in November 2020, the Council has embarked on a number of significant Regeneration projects, which alongside the core regeneration outputs do have a revenue generating impact upon the authority. Most notable was the acquisition of Green Lanes Shopping Centre for £8.1million at the end of 2021, which after running costs and borrowing repayments are funded, currently returns a positive financial contribution to the Council.

The Council is currently delivering upon the Future High Streets Fund programme, which covers 4 key capital interventions across Barnstaple Town Centre. This £11million project, funded by £6.5million government grant and £4.5million funding from the Council, will significantly regenerate and enhance town centre assets and in addition provide additional revenue contributions into the Council as a further benefit.

Our commercialisation strategy aligns closely with other planned approaches and components.

Approach	Components
Partnership / Collaborative Customer Centric & Digital Environment	Organisational Design Organisational Development Technology / Digital Transformation

These elements provide a combined message that North Devon Council wishes to foster business enterprise, growth and innovation. We will work with our partners who share our ambition and values and continue to put the best interests of North Devon residents' at the heart of everything we do.

Our Commercial Vision

Government expects councils to make a significant contribution to reducing the national budget deficit through reductions in our 'core' funding over the next few years. These reductions will lead to difficult decisions and may require some 'one off' financial investments to enable longer-term savings to be delivered.

The principles' of recent local government finance settlements allows authorities to spend locally what is raised here locally which, is the major driver towards 75%/100% business rate retention and this means our commercial approach towards investment is critical to our future thinking for delivering savings and generating additional income. Our commercial vision is:

Commercial Vision: To become an enterprising and commercially focused Council which staff are proud to work for and which others want to work with. We will use our assets, skills and infrastructure to shape and improve public services and enable economic growth in the District. We shall generate significant levels of new income for the Council working towards the objective of enabling it to become financially sustainable.

Our Principles

- We will develop a commercial strategy and culture through the adoption of appropriate behaviours and decision making, whilst retaining strong public, community and social values.
- We will collaborate with partners who share our ambition and values and put the best interests of our customers and communities at the heart of everything we do.
- We will be creative and resourceful to create efficiencies.
- We will invest in schemes and projects that improve productivity and reduce costs as well as seeking new ways of utilising our assets to generate additional income.
- Whilst undertaking commercial activity we will not lose sight of our values and our ambitions for our communities to achieve a promising future.
- We will engage our staff to build commercial awareness and invest in them to support and develop a commercial mind-set.
- We will ensure governance, management and performance of new commercial enterprises, partnerships and contracts continue to be robust and subject to challenge.
- We will adhere to statutory responsibilities and ensure public money continues to be appropriately spent and accounted for.
- We will recognise that we need to be risk aware, not risk averse and drive behaviours that support the idea that failure must be viewed as a learning opportunity as well as pioneering new ways of working and learning.

Commercial Assets

North Devon Council has a rich source of assets, attributes and roles from which we can derive commercial value and these are summarised in Appendix (i). These assets and attributes will be applied and assessed against the following criteria:

- Financial objective
- Revenue delivery
- Risk
- Control
- Liquidity
- Management oversight
- Performance
- Diversification

Crucial to delivering outputs for the commercialisation work and sitting alongside this key document, is the Council's Asset Management Strategy. Both of these strategies complement each other significantly and are of equal importance in ensuring we are maximising opportunities and ensuring we are getting best value from our existing and potentially new assets we may acquire.

The Asset Management Strategy has 5 overarching objectives;

1. To generate new and additional income via property and land to complement the Council's medium term financial plan. To use our assets to optimise returns and look for new income generating opportunities.
2. To plan and manage property as a corporate resource to deliver against NDC's Corporate Plan priorities in a balanced way.
3. To assess potential enhancement in asset value and identifying how investing allows us to influence within our district.
4. To contribute positively to support growth of employment or provision of good quality homes to help assist housing needs through the strategic use of the councils assets.
5. We will use our land and buildings in order to build attractiveness for visitors; strengthen the economy; and strengthen community values.

Using this structure will enable us to determine how we work, where we work, who we work with and influence how we take investment decisions in relation to property. The actions will be set out in our Asset Management Plan (AMP).

Commercial Definitions

There are lots of definitions in relation to commercialism and to ensure we all have the same shared understanding we have adopted the following four.



1. Commercialism

For us, 'commercialism' is an understanding of how we as an organisation need to operate in a more business like way. This involves working with our staff to help them to start thinking in a different way; in essence, helping them to develop a more commercial 'mind-set', creating an environment that allows them to be innovative, encouraging them to embrace new flexible working and agile approaches and where applicable, supporting them to develop approaches that enable 'trading' and the 'selling' of services. This essentially means making sound 'business' decisions in terms of resources and investments.

2. Enterprise

We see this as the ability to think and act differently when considering the ways we manage, operate, deliver and resource our services, to create best value for our residents and customers. We need to become resourceful, innovative and develop the confidence to consider options that would not previously have been considered. We need to drive behaviours that support the idea that failure must be viewed as a learning opportunity as well as pioneering new ways of working and learning.

Through our organisational development component we will develop behaviours that bring out the enterprising 'spirit' in our staff and volunteers giving them the confidence, skills and creating the environment enabling them to be inquisitive, innovative and enterprising. We will develop relationships and work with partners who share our ethos.

3. Trading

We are a multi-faceted organisation which commissions and provides a wide range of services across the district. Outside of the traditional treasury management instruments, we may wish to consider trading in markets and sectors using the skills and expertise of our staff. We recognise that not all services have the opportunity to 'trade' or charge customers for services to generate income but our aim will be to explore new opportunities whilst ensuring existing trading relationships are working as efficiently as possible.

In managing new trading opportunities we may need to consider how these could actually be delivered. For example housing may need to be driven through an alternative delivery model if the desired outcome of the type of housing differs from that within the normal local authority housing supply.

4. Investment

Our capital investment decisions go beyond the traditional Public Sector approach of achieving social and community goals, replacing infrastructure and improving land and buildings. Earlier investment opportunities have been primarily for regeneration purposes with a small investment into temporary accommodation and have seen a financial benefit and ongoing our principal aim will be to ensure that investment continues to have a regeneration or service improvement outcome as the overarching objective prior to achieving any financial gain.

This approach will provide the Council with greater resilience and support the vision of being a financially secure council both in the medium and longer term.

Commercial Decision Making

Our Capital Spending Decisions should focus on achieving at least one of our four main drivers:

1. **Revenue Generation:** For example, proposals that generate new sources of income for the Council such as investment in land for regeneration and property development, rental property, green energy renewables, schemes that grow our business rates income, or proposals to enable existing revenue streams to be improved and maintained longer into the future.
2. **Invest to Save:** For example, proposals to introduce new technologies and redesign services to reduce demand and promote independence.
3. **Social Value:** For example, proposals that will bring collective benefit to a community.
4. **Improving the environment or increasing natural capital**

The Chief Financial Officer will oversee all commercial business activities ensuring they are appropriately governed, scrutinised, managed and monitored. Investment decisions will be made having applied a robust business case methodology and will be evaluated against key investment principles. A set of financial and non-financial criteria shall be used to assess which schemes and projects are taken forward.

Commercial Outcomes

The key outcomes that are directly linked to commercial activity can be summarised as:

- Commercial operating is increasing across the Council
- The efficiency of the Council has been improved
- Generating additional and sustainable income streams for the Council
- Reducing the net budget of a service by reducing controllable costs of a service whilst still achieving service outcomes.
- Having staff with a commercial 'mind-set' across the organisation through developing and upskilling our staff to be more enterprising and innovative.
- Reducing reliance on the Governments core funding grant

We are working through the details of our commercial outcomes and, once completed and risk-assessed, we will build these into our future Financial and Treasury Strategies. In the meantime the following aspirational targets have been proposed and will be further refined during the annual budget setting process which will incorporate the Medium Term Financial Plan:

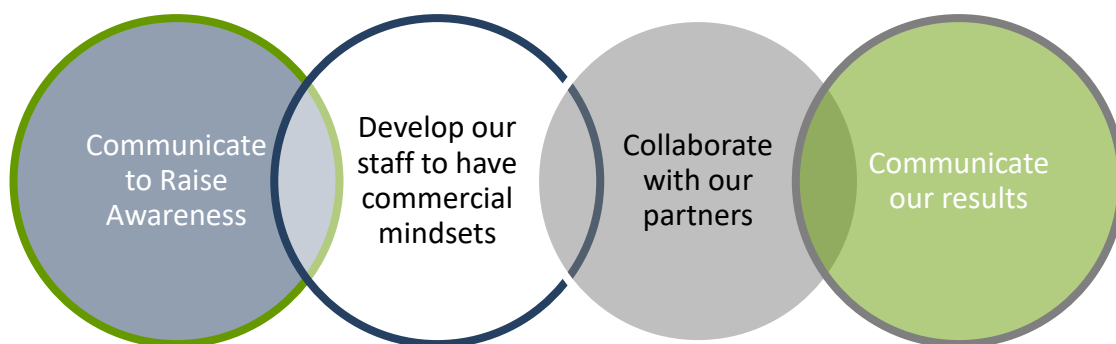
- To deliver new sources of revenue income which contribute annually to reducing the medium term financial gap by 31st March 2027.
- To reduce net revenue costs on Council assets by investing in sustainable delivery models by 31st March 2028.
- To further develop the commercial skills of Council staff which will support this ambitious cultural change.
- To continue to make significant efficiencies in the way we deliver our services, working effectively with our key partners to reduce cost or increase revenue.
- To deliver capital receipts through asset disposals where the Asset Management Strategy deems this to deliver best value for future use of the asset.

The primary target is generating additional revenue income and the other targets above must complement and not be at the expense of this key objective.

The overriding objectives within the Commercialisation Strategy can though have wider implications for other corporate priorities, such as the carbon footprint and therefore in the delivery of this strategy Members should be mindful of the balanced approach within their decision making.

It will be the responsibility of the Chief Financial Officer to report to Strategy & Resources and Full Council, progress against the timescales, outputs and commercial activities that are set out in the Medium Term Financial Plan.

NEXT STEPS



Appendix (i) Commercial Assets

Staff	Using and developing the knowledge and skills of our workforce to create the culture of trust, empowerment and involvement in commercial activities.
Land and buildings	Ensuring our land and property asset portfolio is fit for purpose, secures increased income generation, maximises capital receipts and stimulates growth and investment in the District to generate capital receipts and reduce costs. Through master-planning of key strategic sites, using our land and buildings to promote and deliver housing and economic growth.
Liquid assets	Access to cash, cheap borrowing and liquid assets to enable investment.
Infrastructure	Using and developing our digital and ICT platforms, public open spaces, car parks, street furniture and other infrastructure for commercial gain.
Partnerships	Using and selecting the most appropriate private, public and third sector partner to deliver the schemes and projects that derive the maximum level of income for the Council and value for customers, residents and communities.
Place shaping role	Using our strategic planning and economic development roles to shape and create the market for growth and enterprise.
Business intelligence	We will use our vast amount of business and service data more intelligently to create new commercial opportunities and better service delivery models which will generate new income for the Council.
Customer intelligence	Using the various channels that the Council has to communicate with the public and use the customer information and contacts we have to help design and develop new commercial opportunities.
Market strength	Use our economic, infrastructure and asset strength to influence how the supply chain and infrastructure providers operate and partner with the Council to derive commercial benefits and new income streams.
Brand and web presence	Using the high value of our web presence, search engine optimisation and brand value to promote our trading and commercial activities and those which we can partner with others to receive a financial return. North Devon already has a strong brand image, we need to refresh this and make it relevant to a changing market, building on our strengths, and making sure we deliver beyond expectations.
Democracy	An ethos to develop commercially for the wider public good.