

Commercial Strategy

For Newark and Sherwood District Council

2022 –2026



This strategy outlines how the Council aims to be commercial and business-like over the next four years working towards a vision of Newark and Sherwood as an *“innovative and entrepreneurial Council that continually achieves positive annual financial contributions; by generating new revenue and delivering cost reductions, through trading and business improvements.”* This strategy continues on from the Commercial Plan 2017-18 to 2020-21 and focuses on building on Newark and Sherwood’s strengths.

Why do we need this Strategy?

There is a need for this Commercial Strategy in order to address the financial gap in funding that is forecast from 2023/24. This gap is due to two principal reasons.

Firstly, since the financial crisis of 2009, central government has made changes to how local government is funded. The most significant of these changes happened in 2013/14 when the Business Rates Retention Scheme (BRRS) replaced the Business Rates Redistribution System. Under BRRS, district councils retain the baseline amount of local business rates collected each year (the baseline being the amount of business rates allocated in 2012/13 under the redistribution system, adjusted each year for inflation). In addition, district councils retain 50% of any growth in business rates in the year (with the other 50%, for this council, going into the Nottinghamshire Pool). The baseline was to be reset after 5 years and this was due for reset in 2018/19. This, together with the Fair Funding Review, was pushed back due to firstly Brexit and then Covid-19. It seems more likely now that the Fair Funding Review will not be completed until 2024/25 but there is a distinct possibility that the base line reset could take place in 2023/24. If the base line is reset, district councils (like Newark and Sherwood) who have experienced growth in business rates income since 2013/14 face losing a significant amount of funding. For this Council the reduction in funding could amount to circa £2m best on the latest estimates.

Secondly, in addition to the business rates baseline reset, the government had a budget deficit of £303 billion for the year ending 2020/21. The Chancellor is initially addressing this deficit through fiscal measures but will no doubt, by 2023/24, look to reduce public expenditure. As it is unlikely that reductions will target expenditure on health, social care, education or blue light services then a large burden of the reductions are likely to fall on district Council budgets.

Therefore, Newark and Sherwood needs to respond to the highly likely risk of a significant deficit by being commercial; that is, being careful and creative with resources and business-like, by developing services and securing value for money. Being commercial is one of the Council’s values and this strategy sets the framework for how the Council will seek to address the approaching funding challenges.

The Context of this Strategy

This strategy sits alongside the Council's Investment Strategy which outlines how the Council's cash reserves and balances are invested in order to earn income that in turn funds services. The diagram below demonstrates how these strategies relate to each other.



How will the strategy be delivered?



The strategy will be delivered using **four** objectives;

Securing value for money by

- Having quality and commercial contract management embedded in the organisation with procurement procedures, procurement training and contract management training.
- Continually assessing contracts to ensure scope is as required, review the contract against the market and consider if a different delivery model (e.g. in-house or external service) would produce a better outcome for the resident.
- Considering shared or further integration/alignment of services with other local authorities, charities or organisations where a saving can be achieved without a detriment to the quality of the service received by the customer.
- Having thorough and commercial SLAs that are monitored and performance managed.

Delivering efficiencies in service delivery by

- Undertaking business improvement reviews to identify areas for improvement, and target these areas using business process engineering tools to identify efficiencies with the aim of reducing the cost of service delivery.
- Seeking to streamline internal systems to rationalise and streamline digital tools and software used across the organisation to improve collaboration and reduce costs.
- Developing new ways of working that deliver for our residents and work for our staff.
- Developing resources for staff and delivering training on these resources to ensure Council officers are equipped to deliver effective and quality outcomes. For example, Project Management training is already being delivered to officers across the Council.

Running commercial services and maximising the Council's existing assets by

- Selling services that are quality and fit for purpose such as the domestic Garden Waste service, Grounds Maintenance service and Commercial Waste service.
- Continuing to maximise existing commercial opportunities and structures including but not limited to;
 - Built assets (non-social housing assets) such as Newark Lorry Park and the Beacon,
 - Rental of commercial units and spaces such as desk space at Castle House and food and beverage concessions in Council owned parks and open spaces, and
 - Advertising on Council assets such as the sale of advertising rights on the back of Council parking tickets.

Developing commercial opportunities by

- Continually searching for new commercial opportunities that achieve revenue generation, and where an opportunity is identified reviewing the opportunity using the commercialisation checklist to undertake a cost-benefit analysis of the opportunity.
- Encouraging staff to identify commercial opportunities and share them with the Transformation team for consideration, development and (if viable) progression.
- Presenting bids for funding to the Senior Leadership Team (SLT) using a business case informed by the commercial checklist. Upon SLT and member approval (as required) commercial opportunities can be funded through capital investment.

How will we know we are delivering?

We will measure our success by...

- ✓ Completion of commercial projects/actions monitored through the action plan.
- ✓ Measuring the number of staff trained per annum in contract management, project management and report writing (captured by Human Resources).
- ✓ Measuring the income achieved by the Councils commercial services (captured by Financial Services).

An action plan accompanies this strategy.