

ECONOMIC DEVELOPMENT COMMITTEE

11 SEPTEMBER 2019

COMMERCIALISATION & MAJOR PROJECTS UPDATE REPORT

1.0 Purpose of Report

1.1 To ensure Members are kept up to date on Commercial project activity undertaken by the Commercialisation and Major Projects Business Unit.

2.0 Background Information

2.1 The District Council's Commercial Strategy approved in 2017 sets out the Council's commercial aspirations to meet the funding challenges identified in the Medium Term Financial Plan. The principles support the adoption of an innovative and entrepreneurial approach that achieves positive annual financial contributions for the Council.

2.2 Commercial activity has been undertaken since October 2017 with the establishment of a Commercials Project Team (a cross organisational group of officers) and more recently through the establishment of the Commercialisation and Major Projects (CMP) Business Unit in January 2019. The CMP Business Unit lead and support activity undertaken by the Commercials Project team.

3.0 Proposals

3.1 The CMP Business Unit is responsible for delivering the council's commercialisation agenda through:

- Increasing controllable income (where appropriate),
- Developing new commercial vehicles,
- Income generation through new and additional income streams,
- Transformational change and service reviews.

3.2 Commercial Projects

Projects which are currently being progressed and implemented by the CMP Business Unit are described in figure 1.1 and explained in further detail in 3.3. Each Project has a project plan, risk register and an established project governance process. Project risk registers are managed and reported through the appropriate reporting mechanisms.

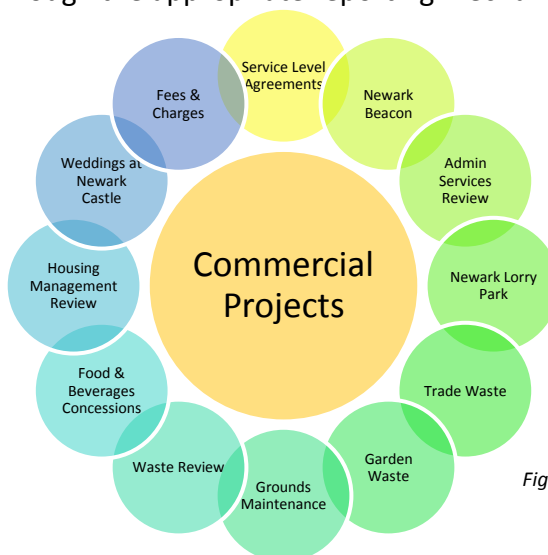


Figure 1.1 – Commercial Projects

3.3 **2019/2020 Commercial Projects**

The following projects which are currently being implemented to generate commercial income/deliver savings in 2019/2020 are explained below:-

3.3.1 Newark Lorry Park

The Lorry Park project was to expand and develop the Newark Lorry Park, by replacing the 44 spaces lost when Castle House was constructed and to meet the national need for more secure overnight lorry parking. The CMP Business Unit oversaw the extension works which came under budget and as a result £68k will now be returned to 2019/20 capital budget. The CMP Business Unit also focused on ways to generate new commercial income on site with the introduction of the SNAP barrier, the implementation of the Certas Fuel Bunker and the redevelopment of the café to meet the high quality standard of the extended site.

A 5 year business plan has also been developed by the CMP Business Unit and will be considered by September's Economic Development Committee.

3.3.2 Garden Waste Project

The Garden waste project was to develop a business case to bring the service back in house was approved by Policy and Finance Committee in January. The CMP Business Unit led on the business case proposal, to deliver the enhanced service with additional income from delivery of the service 'in house', including the admin and expansion of the collection service in a targeted way. This project is now being implemented to deliver the service by Waste and Transport Services.

3.3.3 Admin Services Review

A review of the administrative functions and service provided by the Administrative Services Business Unit was jointly led by the CMP Business Unit. The purpose of the review was to ensure that the functions it performs and the service it provides are still relevant and effective, to deliver savings and to propose a revised structure that is fit for purpose and delivers in accordance with the changing organisational requirement. The restructure will be implemented by November 2019.

3.3.4 Food and Beverage Concessions

The CMP Business Unit led on phase one of the food and beverages concessions advertising opportunities for ice cream vans to have a concession license to occupy Council owned Parks. This was new commercial activity for the council, and the CMP Business Unit advertised opportunities via expressions of interest, benchmarked charges, developed licenses for concessions and introduced control measures for checking valid MOT and insurance certificates. Work is now underway by the CMP Business Unit to implement phase two of the concessions project, identifying potential sites, and to utilise an innovative approach for a pricing strategy, marketing approach and diversifying the offer to achieve the maximum income for the project.

3.3.5 Newark Beacon

The Newark Beacon was transferred to District Council on 1 October 2018. The CMP Business Unit led on the development of a 5 year Business Plan setting out the long term aims of the management of the centre. The Newark Beacon was handed over to Asset Management and Car Parks Business Unit to manage the centre as a Council asset and work is now underway to increase occupancy at the centre.

3.3.6 Service level Agreements

The CMP Business Unit led on reviewing Council Service Level Agreements (SLA) and developed and implemented a new template to ensure that all SLA's are:

- Using a standard approach
- Legally binding
- Accurate
- Using an appropriate charging mechanism
- Incorporating commercial principles
- Reviewed and refreshed on an annual basis

The CMP Business Unit facilitated discussions between Business Managers and Active4Today and Arkwood Developments Ltd. to ensure that the SLA's in place now follow the principles described above and generate additional income for the Council.

3.4 **2020/2021 Commercial Projects**

The following projects which are currently being developed and will be implemented in 2020/2021 to generate commercial income/deliver savings are described below:-

3.4.1 Housing Management Review

An 'in principle' decision was made at April's Policy and Finance Committee to re-integrate the housing management services back into the council. A formal decision incorporating results from the tenant consultation will be recommended to Policy and Finance Committee on 26 September. The CMP Business Unit are leading on the implementation of this project and have been carrying out preparatory work to ensure that the project will have a seamless transition (if approved). It is expected that bringing the service back in house will generate approx. £1m savings to the Housing Revenue Account to be reinvested in tenant services.

3.4.2 Weddings at Newark Castle

This project is to develop the weddings at the Castle offer considering the potential to expand and charge more commercially for the weddings offer at Newark Castle. The CMP Business Unit have reviewed the current weddings offer and have proposed ways to improve the current offer and embed commercial pricing. It is expected that the new pricing structure developed by CMP is expected to increase income. The CMP Business Unit have also developed a marketing plan for future wedding offers and developed a suite of documents to hand over to Heritage, Culture and Visitors Business Unit to implement the service.

3.4.3 Grounds Maintenance

The CMP Business Unit are leading on identifying commercial opportunities to grow the service. Consultants were appointed to undertake a diagnostic review of the current service and identify opportunities for commercial development which was completed in May 2019. An update on the project will be presented to September's Economic Development Committee.

3.4.4 Trade Waste

The CMP Business Unit are leading on identifying commercial opportunities to grow the service. Consultants were appointed to undertake a diagnostic review of the current service and identify opportunities for commercial development which was completed in May 2019. An update on the project will be presented to September's Leisure and Environment Committee.

3.4.5 Fees and Charges

This project is to review all non-statutory fees and charges across the council and undertake a benchmarking exercise with other Local Authorities and commercial enterprises. The CMP Business Unit have met with all Business Managers to identify fees and charges that could generate commercial income. This report will be presented to Policy and Finance Committee in November.

3.5 **Embedding Commercialisation**

Alongside delivering commercial projects, CMP are also working to embed commercialisation throughout the organisation. The Business Unit offer support to officers to develop the requisite commercial skills and achieve maximum value through contractual and organisational arrangements including the effective management of projects. The CMP Business Unit have developed a Project Management Toolkit which includes templates for key documents such as; a Business Case, Project Plan and Risk Register which have been shared across the Council. Project Management Training has been delivered since January 2019 to approx. 50 staff over 5 separate sessions. Feedback received has been positive and scoping work is now underway to deliver a comprehensive and a more detailed project management training session.

3.6 The CMP Business Unit have also been working to embed commercialisation within the Council, supporting Business Managers to develop commercial skills to leverage maximum value through operational activity. This has been achieved through delivering a presentation to Business Managers and Senior Leadership Team in June 2019. The Business Unit are now considering the approach to disseminate and embed commercialisation wider, involving all staff in the Council.

3.7 The CMP Business Unit have developed a contracts toolkit which will be launched to Business Managers later in the year. The toolkit sets out the principles on how to manage contracts that carry significant financial and strategic impact. In addition, a review of the

contracts register was carried out and updated to ensure that the register is comprehensive and robust.

4.0 Equalities Implications

4.1 Each project is subject to completion of an equalities checklist and an EQIA if required. This report does not implement policy or procedure change and there are no equality implications.

5.0 Financial Implications - Fin Ref: FIN19-20/9098

5.1 The CMP Business unit has an annual financial target of £250k. Based on 1st quarter outturn projections, approximately £215.4k is projected for 19/20.

Project	19/20 Projected Income
Garden Waste*	£104.0k
SLA's	£10k
Lorry Park - Ticketing	£36.4k
Lorry Park - Bunker	£15.0k
Lorry Park – Café	£22.0k
Food & Beverage Concessions	£12.0k
Admin Services Review	£16.0k
Total (Based on 1 st quarter outturn projections)	£215.4k

* Includes £74k capital savings from not requiring additional vehicles

5.2 The CMP Business Unit has made progress to meet its annual target based on 1st quarter outturn projections. Additional projects may come on stream throughout 2019/20 which will contribute to the target and some of the savings identified in the Housing Management Review (projected to save in 2020/21) could be realised earlier in 2019/20, leading to a further contribution to the target.

6.0 Community Plan – Alignment to Objectives

6.1 The activities of the CMP Business Unit support the Council objective 'Generate more income, improve value for money and increase residents' satisfaction with the Council'. Commercial Projects provide a new source of income for the Council which will contribute to funding the Council's aspirations as detailed within the Community Plan 2019-2023.

6.2 The Commercial activity outlined above also supports the Council's value of commercial and business-like approach to operational activity.

7.0 Comments of Director

7.1 The CMP Business Unit has made significant progress towards the annual target based on 1st quarter outturn projections. The CMP Business Unit activity supports the Council's commercial vision as set out in the Commercial strategy, approved by Council in 2017.

8.0 RECOMMENDATION

That the update regarding commercial activity undertaken by the Commercialisation and Major Projects Business Unit is noted.

Reason for Recommendation

To update Members on Commercial activity undertaken by the Commercialisation and Major Projects Business Unit.

Background Papers

Nil

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