

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
CORPORATE SERVICES	FINANCE AND DEMOCRACY COMMITTEE	24 SEPTEMBER 2018	6
COMMERCIAL STRATEGY			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

The report provides the background to the development and proposal of a Commercial Strategy for the Council that will provide a framework for considering any future investment opportunities.

RECOMMENDATIONS

1. That the committee approve the proposed Commercial Strategy included as Appendix 1 to this report to be used as a framework to assess commercial investment and income generating opportunities that will be part of the arrangements for a self-sufficient council.

SUMMARY OF PREVIOUS DECISIONS

The council has not previously had a commercial strategy

CORPORATE PRIORITIES	
Spending your money in the most efficient way to achieve excellent services (Value for Money)	✓
Delivering the services that customers expect of an excellent council (Clean and Green)	✓
Working with all partners (Vibrant Economy)	✓
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	✓
Promoting Fylde as a great destination to visit (A Great Place to Visit)	

REPORT

1. As local authorities move towards 2020 and the need to be self-sufficient a more commercial approach is being adopted by local councils, the strategy included in Appendix 1 to this report outlines the approach Fylde will be taking to introduce a commercial approach. Whilst there are excellent examples in Fylde Council of commercial cost saving initiatives, including; re-commissioning of services, effective re-letting of contracts, re-negotiating arrangements to realise increased income, and reviewing specifications to achieve more for less, these measures have been exhausted on existing assets or income streams and will not be enough to deliver a self-sufficient council by 2020.

2. Local authorities have been preparing throughout the years of austerity to be self-sufficient which will see the end of the central government grant. Many authorities have taken a more commercial approach to investment becoming major land owners or developing commercial premises, making capital investments that will generate a revenue return to fund council services, the more successful the investments the more funding the council has for service delivery. Local Authorities have invested in the region of £3.8bn between 2013 and 2017 on property investments in retail, office space, leisure and industrial units, primarily for revenue generation rather than capital appreciation. Many have bought property to achieve net returns between 4.00% - 7.00% which far exceed any return possible from the banks.
3. The proposed Commercial Strategy included in Appendix 1 aims to introduce commercialisation wherever possible at Fylde including; service reviews and redesign to increase income and reduce cost; the commissioning cycle to drive out better value; develop shared services to get more by working together; and explore new opportunities for revenue generation. The direction set out in the Corporate Plan 2016-2020 and Medium Term Financial Strategy is for the Council to achieve a financially self-sufficient position. The Corporate Plan 'value for money' priority identifies the need for an investment strategy that will generate sustainable income streams to fund the delivery of council services, this strategy supports the Corporate Plan objectives. The strategy has been developed based on best practice but with due consideration for the risk appetite appropriate for Fylde.
4. The strategy will support innovative and entrepreneurial activity that can deliver a positive financial contribution to the revenue stream through efficiencies from business process improvement. Local services must become financially sustainable and revenue streams need to generate sufficient funds to support future service delivery.
5. The strategy provides a formal framework that brings together many of the practices and activities that have been carried out over the last few years as part of the response to austerity. The framework will be used to assess commercial opportunities, ensuring that they generate income in excess of returns achieved through treasury management and that are within the risk appetite for Fylde, this will include:
 - Exploring every opportunity to generate income from investment in property assets
 - Maximising the return from existing and new income streams and assets
 - Maximising marketing, sponsorship and promotion opportunities
 - Facilitating new and increased commercial activity to stimulate the local economy and grow the business rate base
 - Pricing services to deliver maximum return
6. None of this is new to the council, the strategy formalises the approach with commercial investment complementing, but not replacing, investment in public realm which remains essential to enhance community facilities that contribute to footfall and desirability, supporting economic activity and often stimulating private sector investment.
7. The strategy outlines the process, risk mitigation and the actions that will be taken to embed the required commercial approach for Fylde that will sit alongside, and support, the duty to deliver high quality public services to the tax payer.

IMPLICATIONS	
Finance	There are no direct financial implications as a result of this report, however, the intention of the strategy is to provide a framework within which opportunities that have financial implications can be assessed, any financial requirement as a result of a commercial investment emerging from the strategy will be considered and risk assessed on a case by case basis as part of the process included in the strategy. Where a local authority does things for a commercial purpose relying on the general power of competence given by the Localism Act 2011, the authority must do them through a company.
Legal	There are no direct legal implications as a result of this report, any legal implications as a result of a commercial opportunity emerging from the strategy will be considered on a case by case basis as part of the process included in the strategy.
Community Safety	There are no direct community safety implications as a result of this report
Human Rights and Equalities	There are no direct human rights or equalities implications as a result of this report
Sustainability and Environmental Impact	There are no direct sustainability or environmental implications as a result of this report
Health & Safety and Risk Management	There are no direct health and safety or risk management implications as a result of this report

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BACKGROUND PAPERS		
Name of document	Date	Where available for inspection

Attached documents

Appendix 1: Fylde Commercial Strategy