

Insert Cover report

Version Control

Title	Commercial Strategy
Purpose	To develop a commercial approach that contributes towards meeting the future financial challenges facing the Council
Owner	Peter Davies
Approved by	
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Commercial Strategy – Monmouthshire County Council

Background

- 1.1 The ongoing and future financial challenges facing the Council, resulting from reduced Welsh Government funding and other pressures, whilst presenting increased risks also opens up opportunities arising from the need to be more effective and efficient, more resourceful and more entrepreneurial.
- 1.2 Monmouthshire County Council acknowledges the challenges that it faces, but also views the current funding picture as an opportunity to affect fundamental changes to who we do business, with improvements to services we deliver as a result.
- 1.3 The Council has a clear purpose to "*help build sustainable and resilient communities that support the well-being of current and future generations.*" In order for the Council to fulfil its purpose the Council also needs to be sustainable and resilient.
- 1.4 Aligned to this the Corporate Plan sets a clear direction for the Council up to 2022. One of the five goals and policy priorities set out in the Plan is that of a 'future focused Council'. The development of this Commercial Strategy is one means, but not the only means, by which the Council delivers a sustainable and resilient organisation and relevant, viable and valued public services.
- 1.5 There are a number of further priorities and commitments within the Corporate Plan that the Commercial Strategy will support and talks directly to:
 - Enabling the Council to provide good sustainable local services whilst delivering an excellent customer experience across all channels
 - Producing 'green and clean' energy
 - The Council unlocking the economic value of its spending power
 - The Council providing more opportunities for local living, working and leisure

- The Council maximises economic potential both through its Economy and Enterprise Strategy and the Cardiff Capital Region City Deal
- 1.6 To increase and expand the Council's commercial vision it will require a Commercial Team to be established through existing roles that have significant commercial focus within the Council being mobilised. Some of these roles will be closely aligned to those roles that are responsible for procurement and commissioning and that will similarly be mobilised as a consequence of the Procurement Strategy being adopted. Other roles
- 1.7 For those Council service areas that have not previously looked at opportunities a more commercial approach can offer, particularly to improve and expand services, there will be active challenge under the new strategy to explore these opportunities.
- 1.8 In some areas of the Council commercial activity is nothing new. In these areas we will look to further optimise and develop commercial activity within these services to enhance this already successful provision.
- 1.9 This strategy will look to consolidate the Council's existing commercial activity and provide a framework, with defined objectives, for new commercial projects and for the delivery of future commercial activity.

What Commercialism means to the Council

- 2.1 Commercialism is a broad subject and can apply to many different areas. It can be difficult to precisely define what commercialism means for councils. Commercialism means different things to different people, and is being implemented in different ways all over the country. This is a good thing and local government is enjoying a flowering of diverse approaches to problems as well as more freedom to act than previously. There is not, and there shouldn't be, one right approach to commercialism, nor just one useful definition.
- 2.2 The strategy looks to formalise the Council's commercial activity through three main work streams. These work streams, which will help to realise the commercial ambition set out in the strategy are:
- Income Generation – Making money by providing a service which can be charged for, generating revenue that can be reinvested into Council services.

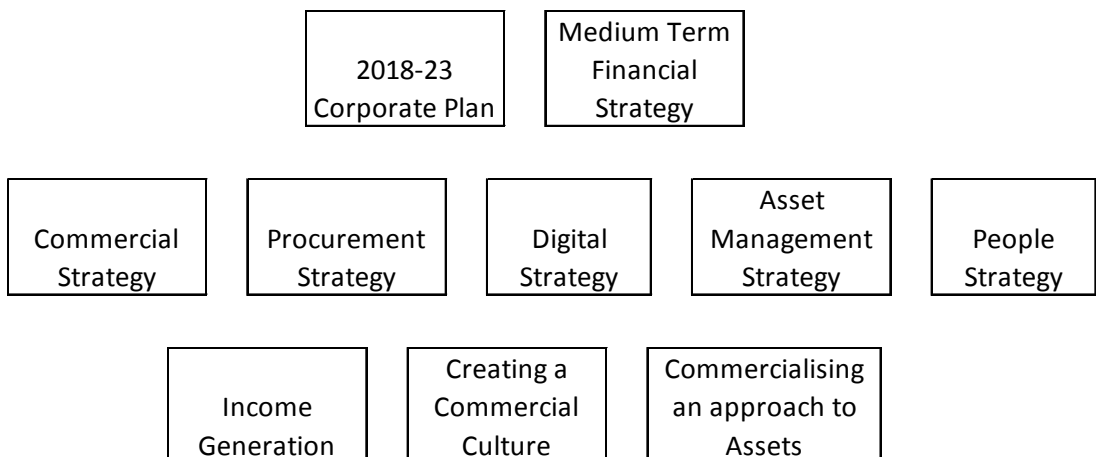
- Commercialising an approach to Assets – through the adoption of an asset investment policy, delivery of the County Farms strategy, optimizing returns from our existing investment properties, maximising capital receipts and exploring other commercial opportunities.
- Creating a Commercial Culture – behaving in a more business-like way and ensuring staff are equipped with the right training and skills to enable us to adopt some of the positive culture and behaviours that are associated with commercial organisations.

2.3 The success of the delivery these work streams and the strategy overall will be measured by a series of key deliverables and performance indicators. These specific, measurable and attainable goals are both financial and operational, and include desired outcomes such as meeting financial targets, officer engagement and public perception.

2.4 The delivery of these work streams will be supported by the introduction of a commercial framework. This will be used to evaluate existing commercial services and projects and new ideas to ensure the right things are done in the right way and at the right time.

Strategic Links

3.1 The hierarchy, interdependence and delivery of the Commercial strategy is shown below:



3.2 The Corporate Plan

The Corporate Plan was adopted by Full Council on 15th February 2018. As outlined above this sets out the vision and priorities for the duration of the

recently elected Conservative administration. The key vision of the Council remains sustainable and resilient communities. The themes and vision are inter-dependent and underpin all of the supporting strategic documents. In addition to supporting a main goal of the plan to be a 'future focussed Council' the Commercial Strategy looks to support the delivery of a number of the commitments in the Corporate Plan, as set out in 1.5 above.

3.2 Medium Term Financial Strategy

Since 2008 the Medium Term Financial Plan (MTFP) has been focussed on managing the reduction in both revenue and capital resources, whilst still maximising opportunities to deliver the Council's priorities. The Commercial Strategy provides the Council with the opportunity to adopt revenue generation approaches to offset the impact of Welsh Government funding reductions and other financial pressures and allows the Council to have more control over its future ambitions.

The adoption of an investment and growth approach with adequate controls and risk accountability will enable us to increase revenue streams, target strategic growth in the residential and employment sectors and capitalise on our unique geographical location as a border county situated within the Capital City Region. The Commercial Strategy provides the framework within which the asset investment policy will operate.

Additional capital projects identified will need to be funded through borrowing with the requirement that revenue savings have to be realised to service the debt. This approach was adopted for the development of the Council's solar farm where the business case was tested on its ability to generate a net income stream over and above the borrowing the costs.

The Asset Investment policy proposes a similar approach, where prudential borrowing will be incurred to acquire assets. The cost of borrowing will be paid back through the rental stream generated from the acquired asset. In addition investment assets will be expected to generate an annual net return of 7%, which will be determined by combining the net rental income and capital value appreciation.

3.3 Procurement Strategy

Procurement is the spending of public money to deliver value-for-money goods, services and works. The need for a commercially focused approach runs through the Council's procurement strategy and the skills and aptitudes needed in a commercial environment (e.g. negotiation skills) are complementary to those needed in a progressive procurement policy framework. So closely

aligned are they that there will be natural synergies between the Procurement and Commercial teams being established.

3.4 Digital Strategy

The focus of the strategy on building a digitally enabled workforce complements and supplements our own intentions to develop a more commercially focused culture.

Developing and redesigning services with a commercial focus will require us to invest in automation to enable us to compete in the commercial world. A focus on enhancing digital customer services, makes it easy for people to access facilities and services, increasing their effectiveness and efficiency.

Improving the digital maturity of the Council supports a commercial environment where evidence based decisions need to be made in a fast paced competitive market. Value is added to our buildings by equipping them with modern digital facilities in order to reap the benefits of increased rental income as well as sales valuations.

3.5 People Strategy

This focuses on equipping staff with the resources and skills to enable officers to perform their duties as effectively as possible. Through a targeted approach we will look to ensure that staff are equipped with the right training, skills and behaviours to behave in a more business-like way.

Having an empowered workforce who are prepared to take business-like decisions, manage risk and seize new opportunities will improve the services we deliver to customers. An empowered and engaged workforce enhances the Council's ability to attract and retain top talent.

3.6 Asset Management Strategy

Given the need to drive income generation to offset the wider financial challenges faced by the Council, the use of the property portfolio will increasingly need to be seen through a commercial lens. A new asset investment policy intends for potential acquisitions to be judged on their revenue generation, potential capital appreciation and if within Monmouthshire economic development opportunities.

The Commercial Strategy will also support the wider aims of the Asset Management Strategy in the delivery of the County Farms strategy, optimizing

returns from our existing investment properties, maximising capital receipts and exploring other commercial opportunities.

3.7 Local Development Plan

The Capital City Region provides a strategic oversight to spatial planning within the geographical region. This will be taken forward as a Regional Spatial Plan and work has commenced on its development. In the interim the Council has its own adopted Local Development Plan (LDP) which sets the context for local development opportunities, which is now being reviewed. Given the rich ecological and environmental landscapes that support our farming and tourism sectors, development has largely been confined to the existing urban settlements. The impact of this is that sites are generally expensive to deliver due to large abnormal and environmental constraints which has resulted in the Council being unable to meet its 5 year housing land supply targets for the last 2 years.

Welsh government undertook a review of the agricultural land grading in 2017, which has increased the land in Monmouthshire classified as grade 1, 2 and 3, which will potentially further restrict the land availability for development and the impact on our urban settlements.

The government's announcement that the Severn Bridge Tolls will be removed at the end of 2018 has already created an acceleration in demand in residential properties in the South East of the County with a resulting uplift in house prices in Severnside and Chepstow.

A review of the LDP has been commenced as a result of the shortage in availability of housing land which will also have regard to the short and medium term impacts of the changing economic landscape which does present significant growth opportunities.

As a major landowner in the south east of the County, the commercial strategy seeks to support the Asset Management strategy in capitalising on these opportunities through a commercial approach to development and property ownership.

Key aims and objectives of the Strategy

- 4.1 The overarching aim of this strategy is to deliver a financial return which contributes to the Council's efficiencies and additional income targets, helping to safeguarding and develop frontline services that the Council currently provides.

- 4.2 Given the scale of current and future financial challenges it is considered that doing nothing is not an option. The delivery of the strategy looks to make a notable contribution to the development of a sustainable financial plan over the medium term.
- 4.3 The successful delivery of the Commercial Strategy will mitigate some of the savings that the Council will have to make. We will look to carefully manage and mitigate and control any risks associated with the implementation of the strategy. Funding is required for the successful implementation of this strategy however it is expected that this will be either be on a self-financing basis, an invest to save basis or through a refocusing or repurposing of existing resources.
- 4.4 It is important to note that the benefits of pursuing a commercial strategy are not purely financial. Becoming a commercially focused organisation means putting the customer at the heart of everything we do. We will actively encourage creative thinking to develop more effective ways to deliver or commission our services. Our Social Welfare Strategy talks to our need to have a social conscience in everything that we do. Sustainable development principles will play heavily into our strategy to an approach to wellbeing and to future generations.
- 4.5 We will empower and encourage our staff to take business-like decisions, manage risk and seize new opportunities. This will help to improve the quality and speed of decision making, thereby improving the services we deliver to customers. An empowered workforce means more engagement, higher customer satisfaction, increased productivity and also better business intelligence. The result of this is that the Council's ability to attract and retain top talent is enhanced.
- 4.6 Through growing the commercial activity of the Council we are looking to benefit the communities of Monmouthshire, ensuring that wealth generated in Monmouthshire stays in Monmouthshire. In turn this will help to attract businesses, professionals and entrepreneurs to the area. It is anticipated that increased prosperity within the borough will positively affect the household income of residents, helping to reduce the barriers to social inclusion.
- 4.7 The key aims of the strategy as represented in the Corporate Plan are broken down as follows:

Short Term Goals (2018/19)	Medium Term Goals (2019/20-2020/21)	Long Term Goals (2021 Onwards)
General		

Commercial Strategy to be approved by Council	Continue to develop commercial and investment opportunities to impact annual targets	To optimise commercial and investment opportunities across the Authority
Income Generation		
Commercial Framework approved by Council	Continue to develop commercial opportunities in line with this strategy	
Identify top three commercial opportunities:		
Business cases to be developed around high priority existing and potential income generating services in line with commercial framework	Develop business cases for other commercial initiative and opportunities	
Further specific objectives based on top three initiatives:		
Develop marketing plan to use for top three priorities to achieve greater market share	Continue to promote existing services whilst bringing online new income generating services	Increased awareness throughout the County and wider region of the services the Council can provide
Determine the right commercial delivery models for the Council, whether trading, collaboration, insourcing or optimising operational services.	Continue to develop and explore commercial opportunities	Establish successful delivery models that contributes profits annually to be reinvested in Council Services
Commercialising an approach to Assets		
Acquisition of investment assets in line with asset investment policy	Further acquisition of investment assets in line with asset investment policy	
Explore the potential of undertaking our own development or construction of Council assets		
Assessing the business need for the creation of a Council owned arm's length trading company to undertake commercial development and trade services		
Development of Council sites and delivery of LDP strategic sites	Promoting Council owned assets within the LDP review	
Identifying self-build and affordable housing		

opportunities on Council owned land		
Implement re-fit programme to reduce energy costs and carbon footprint	Increasing renewable energy generation where financially viable, including maximising the value generated through the provision of battery storage or the trading of energy to third parties	
Creating a Commercial Culture		
Review current cultural state and develop plan on how to achieve desired future cultural state	Implement plan using organisational change model to align resources to achieving common goals	Council to have adopted appropriate positive culture aspects and behaviours associated with commercial organisations
Establish a Commercial Team within the Council to provide advice and support to actively deliver the strategy		
Develop a targeted immersive training programme to equip staff with the appropriate commercial skills	Continued rollout of training and ongoing monitoring and evaluation	
Complete service reviews to assess if current delivery models used are most effective and cost-efficient	Review services periodically to ensure assertions in service reviews are still applicable	To become a commercially focused organisation with a national reputation for high quality services

How we will deliver the strategy

Commercialising an approach to Assets

- 5.1 Business cases that concern asset acquisitions or investments will be taken by the Investment Committee in line with the Council's Asset Investment Policy.
- 5.2 Other commercial opportunities identified as part of the Asset Management Strategy will be monitored and evaluated in accordance with the action plan and performance framework outlined and attached to the strategy.

Income Generation

- 5.3 The Council is already exploring a number of commercial opportunities. Where new opportunities are developed, their merits will be assessed and a robust business case brought forward to the Chief Officer for Resources and Head of

Landlord Services and Commercial for initial approval. Depending on the level of investment required, the approved business case will be taken to either Cabinet or Full council before a decision is made to go ahead.

- 5.4 Where services are already trading commercially we will look to generate additional income by improving their effectiveness and promoting the service further through sales and marketing.
- 5.5 Packages of services will be developed following initial review and provide a pilot for new ways of operating commercially. These areas will contain many of the existing service areas that have the greatest commercial potential and will be grouped into two packages to aid communication and cross selling opportunities. One package will be for trade customers and one for domestic customers (i.e. residents).
- 5.6 The strategy will be delivery through a high level delivery plan which will look to formalise and set defined objectives for commercial activities already being carried out.
- 5.7 The development of a commercial framework will also look to create a culture and coherent structure which allows new commercial ideas to develop and commercial projects to be implemented, giving them every chance of becoming successful commercial ventures. The stages of the Commercial Framework are as follows:



The role of the Commercial Team within the Council

6.1 As the Council is looking to operate more commercially it is vital that adequate resources are in place to support service managers to do so. The role of the Commercial Team is as follows:

- To develop and maintain the Commercial Framework which provides the basis for all of the Council's commercial revenue activities

- Have project oversight and where necessary responsibility for managing delivery of commercial projects
- Provide advice to service managers on the development of commercial opportunities
- To assist with the commercial business plan writing and financial modelling
- To hold the commercial projects register
- To provide analysis of the performance and impact of projects and the contribution towards efficiencies and additional income targets
- To provide recommendations and advice to Cabinet on the approval of commercial business plans
- Highlight any potential commercial conflicts of interest to Cabinet for direction
- To implement KPIs and measure success of commercial projects

How we will develop existing income generating services

- 7.1 The Council will look to enhance existing income generating services by providing commercial support in areas such as sales, marketing and business development to ensure that we are able to maximise market share within the Council in that particular service area.
- 7.2 The decision on whether to charge or trade would need to be reviewed should the service achieve market saturation within the County or an opportunity to trade outside of the County was presented which could be potentially be beneficial for the Council. The model for business growth within a public sector environment as follows:

Internal Services

- 7.3 This involves providing a service that Council already provides (e.g. trade waste) and marketing it towards an existing customer (i.e. Monmouthshire businesses) in order to achieve business growth.
- 7.4 This is the least risky growth strategy as the Council already has processes in place to provide this service. It is however targeted towards a limited market and could result in market saturation.

Other Public Sector

- 7.5 This involves providing the service to other public sector organisations outside the County boundary. Advice received confirms that whilst the General Power of

Competence is not in place in Wales, the Authority would be able to use its Wellbeing powers to trade in the same way any business would within the County.

- 7.6 The Council can, in some circumstances, carry out work outside of the County without the need for a trading vehicle on behalf of other public sector organisations. This is only the case where a shared service arrangement has been entered into or the Council has been appointed as an agent to carry out the work by the neighbouring authority.

Direct to Public

- 7.7 This involves trading either through existing council structures or through a Local Authority Trading Company (LATC) to provide a service to the residents of Monmouthshire. There are various reasons why Councils look to deliver services through an LATC such as being able to compete in a wider area or to make them more efficient. This does however increase the level of risk as it involves an entirely new way of operating. An LATC is only legally required if significant profits will be made and before then other internal structures maybe quicker and easier to get off the ground.

Trading with Private Sector

- 7.8 Trading through existing council structures or a LATC in the open market is another option.
- 7.9 Any new commercial proposals will be backed up by robust business cases to allow the Council to reduce or mitigate any risks and ensure there is every possibility of success in all commercial ventures.

How we will develop new ideas

- 8.1 When potential commercial opportunities are identified a proposal will be put to the Chief Officer for Resource and Head of Landlord Services and Commercial. From this initial idea, the Council will use the Commercial Framework to assess the idea and, if appropriate, prepare for action.

How we will manage risks

- 9.1 The Council is launching a new way of doing business which, it is anticipated, has scope to be misinterpreted with consequent damage to corporate reputation. The Commercial Team will work with the Communications Team will develop a plan to mitigate this risk which:

- Informs our citizens about this strategy, and why it is being implemented.
- Informs the elected members, officers and key partners about this strategy and why it is being implemented.
- Sets out criteria which can be applied during the planning of a particular commercial project in order to measure the impact on the perception of the Council.
- Includes a communications strategy to highlight any commercial successes to promote achievements both internally and externally.
- Includes a communications strategy to deal with any commercial failures or sudden interest in the Commercialisation Strategy from the press or any other interested party.

How we will develop new ideas

- 10.1 Risk management is embedded in all of the decision making processes within the Council. Effective risk management requires an informed understanding of relevant risks, an assessment of their relative priority and rigorous approach to monitoring and controlling them. All risks associated with any commercial activity will be managed and monitored by the Commercial Team.
- 10.2 A key part of the Council's Risk Management Framework is the Strategic Risk Register which contains all risks that may have an impact on core services and both strategic and operational objectives. The Commercial Team will keep under review the aggregate level of commercial risk and if appropriate will recommend that is added to the Strategic Risk Register.
- 10.3 In any commercial venture there will always be an inherent element of risk. The presence of risk is not always entirely negative as it can be a driver of innovation and a motivator to staff.
- 10.4 Given the potential risks involved it would be easy to take a risk adverse approach, however this approach would hinder potentially highly beneficial opportunities or innovation. We will look to identify risks early in the strategic planning phase and implement approaches to mitigate or manage these risks where possible.

Our Foundation: Purpose and Values

Monmouthshire County Council has a clear purpose. We shape this in line with the goals and ambitions of our partners in other public services that are part of the Monmouthshire Public Service Board (PSB). Monmouthshire County Council's Corporate Business Plan provides direction and sets out the things we will be working on for the next four years, taking us up to the end of the political term in 2022.

Purpose

Our Purpose is:

We want to help build sustainable and resilient communities that support the well-being of current and future generations.

This purpose is at the heart of everything we do to improve the economic, social, environmental and cultural well-being of Monmouthshire and we share this with our public service partners as part of the Public Service Board. We will consider sustainable development in how we plan and deliver the action set in this plan

Our Corporate Plan

Monmouthshire County Council's Corporate Business Plan sets out the things we will be working on in the medium term. The plan sets out our five Organisational Goals (also our well-being objectives) supported by the 22 commitments to action we will make and the ways in which they will be measured in the run-up to 2022. This plan has been developed aligned to the direction set in the Corporate Plan. The Plan is underpinned by a clear policy framework that sets out in more detail our work to enable the delivery of the plan (see appendix). The aspiration and objectives set for Monmouthshire by the PSB and Council are:

Purpose	Building Sustainable and Resilient Communities	
PSB aspiration is to:	Reduce inequalities between communities and within communities Support and protect vulnerable people Consider our impact on the environment	
PSB Well-being Objectives	<i>People / Citizens</i>	<i>Place / Communities</i>
	Provide children and young people with the best possible start in life	Protect and enhance the resilience of our natural environment whilst mitigating and adapting to the impact of climate change
	Respond to the challenges associated with demographic change	Develop opportunities for communities and businesses to be part of an economically thriving and well-connected county.
MCC well-being Objectives	The best possible start in life	Maximise the potential of the natural and built environment
	Lifelong well-being	Thriving and well-connected county
	Future-focused Council	

Values

We can only achieve great things for our place through the people who live and work here, those on our payroll and those in Monmouthshire's communities including the countless volunteers and groups that give this place a richness and vibrancy. Our values reflect who we are, how we do things and how we are shaping the future. We try our best to apply these in everything we do.

Openness. We are open and honest. People have the chance to get involved in decisions that affect them, tell us what matters and do things for themselves/their communities. If we cannot do something to help, we'll say so; if it will take a while to get the answer we'll explain why; if we can't answer immediately we'll try to connect you to the people who can help – building trust and engagement is a key foundation.

Fairness. We provide fair chances, to help people and communities thrive. If something does not seem fair, we will listen and help explain why. We will always try to treat everyone fairly and consistently. We cannot always make everyone happy, but will commit to listening and explaining why we did what we did.

Flexibility. We will continue to change and be flexible to enable delivery of the most effective and efficient services. This means a genuine commitment to working with everyone to embrace new ways of working.

Teamwork. We will work with you and our partners to support and inspire everyone to get involved so we can achieve great things together. We don't see ourselves as the 'fixers' or problem-solvers, but we will leverage all of the ideas, assets and resources available to make sure we do the things that most positively impact our people and places.

Applying the Well-being of Future Generations Act

The Well-being of Future Generations Act is the fundamental legislation that requires us to out sustainable development, more information on the Act is in the appendix. We have applied the 5 ways of working set out in the act when developing our plan, the extent we have incorporated these is set out below:

Sustainable Development Principle	How have these principles driven the development of the policy
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>Business cases around commercial opportunities will need to be sustainable and cater for both the short and long term. Savings and returns brought about through successful implementation of the strategy will assist in enabling the Authority to meet current and future financial challenges and fulfill its stated purpose of helping to build sustainable and resilient communities.</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>Taking a commercial approach involves identifying the right delivery model for services and the Council. The Council will work with other partners, public sector or otherwise to understand the most effective, efficient and sustainable model of delivery.</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>Successful delivery of the strategy will involve nurturing a commercial culture within the organization. This will require active and ongoing engagement with staff and targeted training and support. Understanding customer needs is a critical aspect of the commercial framework and having a commercial proposition to take to the market.</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>Taking a commercial approach to services will enhance their ability to remain viable, legitimate and sustainable. Seizing on market opportunities in the County supports the local economy and in helping to build sustainable and resilient communities. This is particularly prevalent where investments generate a social or economic return beyond any financial return.</p>
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>All decisions and policies will have regard to the well-being principles and the need to avoid short term decisions that have long-term implications.</p>

We have also tried to maximise our contribution to achieving each of the seven national wellbeing goals. The contribution our local objectives make towards the seven national objectives has been assessed and is shown in the table below:

	Contribution to Well-being Goals						
	Prosperous Wales	Resilient Wales	Healthier Wales	More equal Wales	Wales of cohesive communities	vibrant culture and thriving Welsh Language	Globally responsible Wales
Income Generation	✓	✓					
Commercialising an approach to assets - Using assets to provide economic, financial and regenerative opportunities	✓	✓	✓	✓	✓		✓
Creating commercial culture ^a	✓	✓	✓	✓			✓

Action Plan

This action plan summarises current and planned activity that allows the aims and objectives of the strategy to be advanced. Further actions will invariably develop as progress is made and further insight is captured on opportunities to be progressed. The process will therefore be iterative and the updated action plan will be incorporated into the Landlord Services and Commercial Business Plan.

Action	Expected Impact of the Action	MCC Objective & Strategic plan contributed to	Performance Indicator/milestone	Officer Responsible & Timescale
Commercial Strategy and Framework to be approved by Council	Member endorsement of strategic intent and framework	Future-focussed Council Corporate Plan MTFP Asset Management Strategy LDP	Council approval	Peter Davies Chief Officer, Resources, July 2018
Develop business cases around at least three commercial opportunities	Generate net return and saving to the Council	Future-focussed Council Corporate Plan MTFP	Business cases finalised and considered for approval	Debra Hill-Howells Head of Landlord Services and Commercial, March 2019
Develop marketing plan for commercial services	Achieve greater market share and penetration	Future-focussed Council Corporate Plan MTFP	Production of marketing plan	Debra Hill-Howells Head of Landlord Services and Commercial Abigail Barton Head of Communications and Engagement

Action	Expected Impact of the Action	MCC Objective & Strategic plan contributed to	Performance Indicator/milestone	Officer Responsible & Timescale
				March 2019
Determine a framework and approach for selecting the right commercial delivery models for the Council	Provides a framework that allows informed decisions to be made for the future sustainable model of service delivery	Future-focussed Council Corporate Plan MTFP	Production of framework	Peter Davies Chief Officer Resources Debra Hill-Howells Head of Landlord Services and Commercial Dec 2018
Implementation of re-fit programme to undertake improvement works to mechanical and electrical infrastructure within operational assets	Reduced energy costs and carbon footprint and improved working environments, enhanced asset life	Future Focussed Council MTFP Asset Management Strategy	<ul style="list-style-type: none"> Identifying scope of works Tender invite Implementation of projects and drawdown of loan funding 	Ian Hoccom Energy Officer Sept 2019
Acquisition of Investment Assets	Net revenue benefit, capital appreciation and economic and regeneration opportunities	Maximise the potential of the natural and built environment Future Focussed Council MTFP Asset Management Strategy Corporate Plan	£30,000 net income target 2018/19	Peter Davies Chief Officer Resources Debra Hill-Howells Head of Landlord Services and Commercial Ongoing

Action	Expected Impact of the Action	MCC Objective & Strategic plan contributed to	<i>Performance Indicator/milestone</i>	Officer Responsible & Timescale
Development of Council sites by Landlord Services	Maximising capital receipts and potential revenue generation opportunities.	Maximise the potential of the natural and built environment Future Focussed Council MTFP Asset Management Strategy Corporate Plan	<ul style="list-style-type: none"> • Business case for individual sites – requirement to fund development to secure revenue or capital receipts • Develop programme timescales, resource requirements, financial and social value • Confirm operating model 	Ben Winstanley Estates Manager, Ongoing
Establish a Commercial Team with the Council	Dedicated resources and focus that allows the strategy to be advanced	Future-focussed Council Corporate Plan		Peter Davies Chief Officer Resources Debra Hill-Howells Head of Landlord Services and Commercial Ongoing
Develop a targeted immersive commercial training programme	Equips staff with the appropriate commercial skills	Future-focussed Council Corporate Plan	<ul style="list-style-type: none"> • Design a fit for purpose training programme and evaluation framework; 	Debra Hill-Howells Head of Landlord Services and Commercial John McConnachie

Action	Expected Impact of the Action	MCC Objective & Strategic plan contributed to	<i>Performance Indicator/milestone</i>	Officer Responsible & Timescale
			<ul style="list-style-type: none"> Identify relevant staff that will benefit from the training Deliver a rolling training programme 	<p>Corporate Training Lead</p> <p>March 2019 and ongoing</p>

How we will Evaluate Progress

This section sets out how we will evaluate our progress to ensure transparency and accountability as part of our governance arrangements.

Specific actions and performance targets will be embedded within the Landlord Services and Commercial Business Plan which will be reviewed on a quarterly basis. Largely quantitative data will measure performance of property portfolios against income targets, void rate and arrears.

Income generation targets form a key indicator of success for identified commercial opportunities as do levels of savings brought about by adopting a more commercial approach to service delivery.

The number of relevant staff who have benefitted from targeted commercial training and applied it to their work will also be a key measure that allows us to evaluate progress.

Additional targets will be developed and monitored as commercial opportunities and projects are approved.

Performance Indicators

Indicator	Actual 2016/17	Actual 2017/18	Target	Comment
Net annual savings from commercial proposals developed	N/A	N/A	£100,000	Targeted savings to feed into 19/20 budget process
Number of commercial opportunities advanced	N/A	N/A	3	
No of relevant staff provided commercial training	N/A	N/A	50	
Commercial Property Income	£427,497	£209,731	£245,000	
Void rates Industrial Units	12%	2%	5%	
Void commercial units	4%	12%	10%	
Industrial arrears (%of total yearly income target)	10.5%	4%	5%	
Commercial arrears (% of total yearly income target)	0%	1.8%	3%	
County Farm arrears (% of total yearly income)	10.5%	4.7%	8%	

Risks

There are risks attached to the delivery of this plan and good governance will ensure these risks are understood, managed and communicated. The Council has an established risk management policy that sets out the Council's policy and approach to strategic risk management. The risks related to the delivery of this plan have been identified, assessed and mitigating actions established.

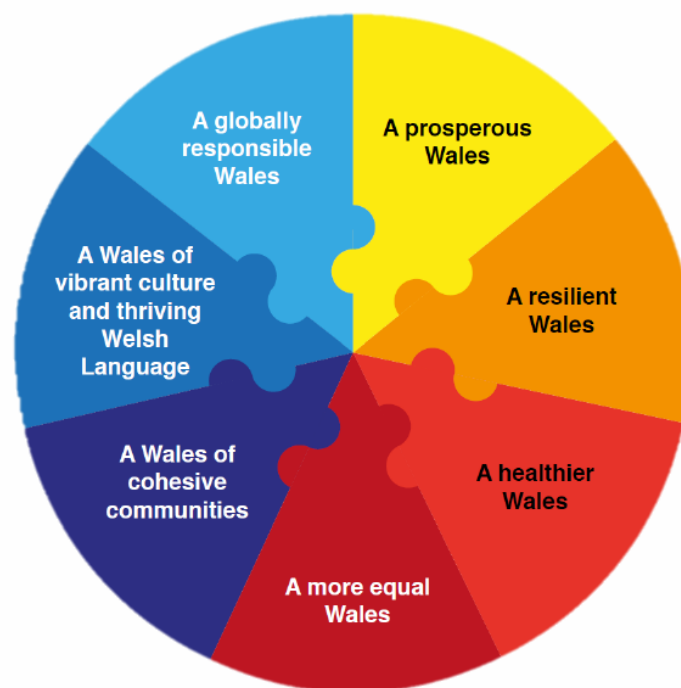
Risk	Reason why identified	Risk Level (Pre – mitigation)				Planned Mitigation & timescales	Residual Risk Level (Post – mitigation)			
		Year	Likelihood	Impact	Risk Level		Year	Likelihood	Impact	Risk Level
Lack of capacity prevents identification of opportunities or delays the delivery of projects, resulting in lost revenue.	The commercial team has not been established and advancing the strategy will draw on already constrained resources and capacity from within the Council.	18/19 19/20 20/21	Possible	Medium	Medium	The commercial team will look to draw on existing skills, roles and expertise from across the Authority. Additional capacity will be built in, where this is cost neutral and an evidenced need exists. If unable to recruit or the need is short term, external expertise will be procured	18/19 19/20 20/21	Possible	Low	Low
Unable to deliver the targeted revenue savings	Lack of understanding or engagement from service managers in identifying potential commercial opportunities.	18/19 19/20 20/21	Probable	Major	High	Dedicated support and advice from the Commercial Team established will assist in identifying opportunities. Targeted training for relevant staff will equip and skills staff and teams to develop a more commercial approach and identify savings and income generation opportunities.	18/19 19/20 20/21	Possible	Major	Medium

<p>The Asset Investment Policy creates additional financial burden due to changes in market value, poor tenant performance, voids and falling rent rolls</p>	<p>Acquiring assets for income streams is a new venture for the authority and will inevitably increase risks due to the illiquidity of property, cyclical and changing property market and exposure to the commercial marketplace</p>	<p>18/19 19/20 20/21</p>	<p>Possible</p>	<p>Major</p>	<p>High</p>	<p>External expertise has been commissioned to assist in the preparation of the policy, operating framework and the identification of suitable assets.</p> <p>We would seek to acquire a blended portfolio based on use and location to mitigate risks, however they can never be fully eliminated.</p>	<p>18/19 19/20 20/21</p>	<p>Possible</p>	<p>Major</p>	<p>Medium</p>
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Appendix - National Policy Context

The Well-Being of Future Generations Act

The Well-being of Future Generations Act is the fundamental legislation that requires us to carry out sustainable development, this should ensure that present needs are met without compromising future generations in meeting their own needs. When carrying out sustainable development, we have to publish well-being objectives which are designed to maximise our contribution to achieving each of the seven national wellbeing goals and take all reasonable steps to meet the objectives. The seven wellbeing goals are shown in the diagram below while our own well-being goals are incorporated within this plan. The contribution our plan makes towards the seven national objectives has been assessed and is shown in this plan.



In planning our services and taking action to meet our well-being objectives we must consider, but also demonstrate that we have applied, the following sustainable governance principles in our decision-making:

- Balancing short term needs with long term needs.
- Using an integrated approach, balancing social, economic and environmental needs.
- Involving others and considering their views.
- Working in collaboration with others.
- Putting resources into preventing problems

The Act also puts a well-being duty on specified public bodies to act jointly via Public Service Boards (PSB) to improve the economic, social, environmental and cultural well-being of their area by contributing to the achievement of the well-being goals.

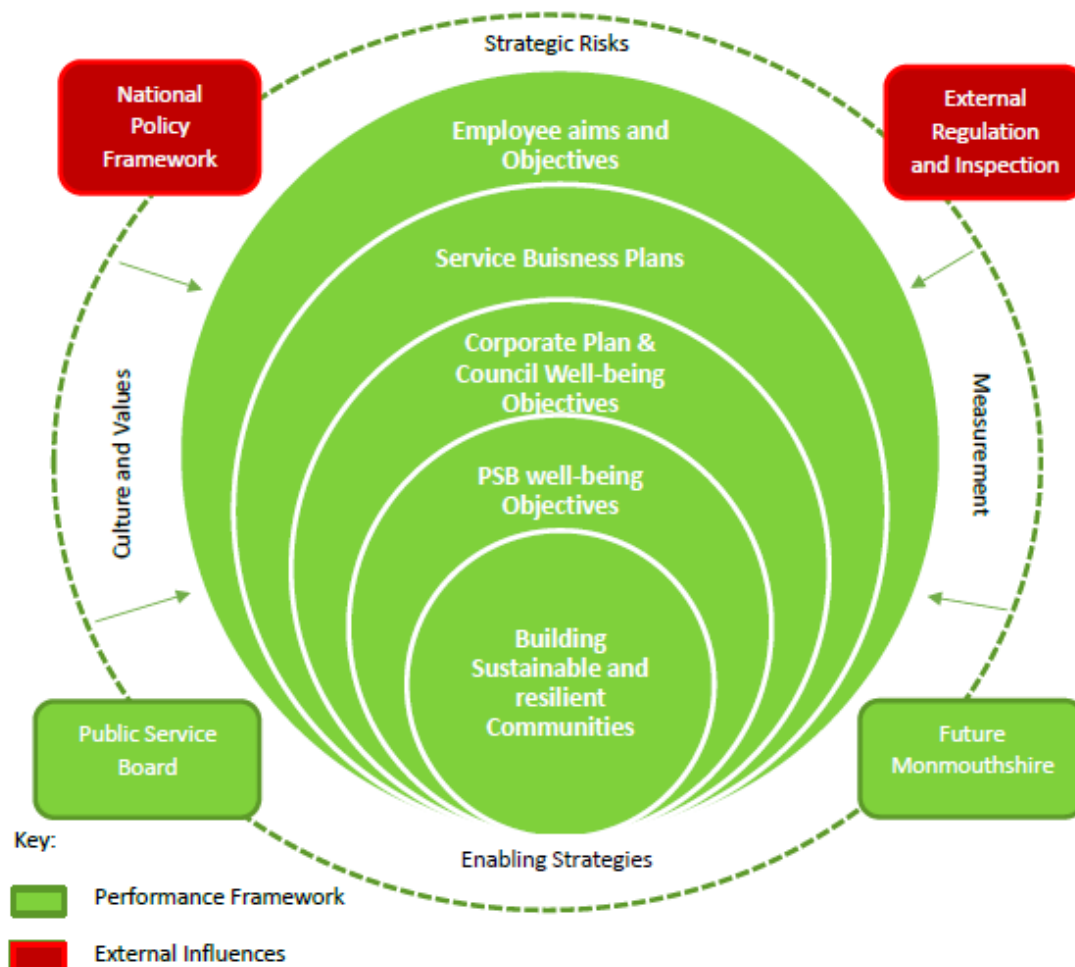
Appendix – Local Policy context

Our Improvement Framework is supported by a range of plans as part of our Policy Framework that guide our actions to improve services.

Performance Management Framework

Our performance management framework; illustrates the interdependencies and how the policies, plans and programmes it contains, should be mutually reinforcing. In simple terms, our performance management framework is integral to the adoption and application of our plan because it makes sure that everyone is pulling in the same direction to deliver real and tangible outcomes.

Building sustainable and resilient communities is the unifying purpose of the diverse range of services for which we are responsible. We are a partner in the Public Service Board, which is responsible for setting well-being objectives for the county. The council's own well-being objectives are set by the Council based on the same well-being assessment as the PSB objectives and, form the backbone of our Five Organisational Goals in the corporate plan. Each of our teams has a business plan that aligns to these objectives. We have a range of performance measures that we use to keep track of our progress. Our risk management policy enables us to manage strategic risks to our delivery. Our employee aims and objectives show how the contributions that individual colleagues make to these objectives and delivering our vision in accordance with our values.



Our 'enabling strategies' support the delivery of our objectives. Our work is also informed and guided by national policy and external regulation and inspection.

Level	Policy Framework	
Vision	<p>The Public Service Board Well-Being Plan</p> <p>The Public Service Board will produce a local well-being plan in 2018</p>	
Plan	<p>Corporate Plan including Council well-being objectives</p> <p>Set out the direction for the Council in the next 5 years the resources required to deliver it and articulates the council's well-being objectives for carrying out sustainable development and maximise the contribution to achieving the wellbeing goals</p>	
Strategy	<p>Asset Management Plan</p> <p>Describes how we manage our land and property portfolio</p>	<p>Financial Plan</p> <p>Sets out the financial challenges we face & how we will meet these challenges</p>
	<p>People Strategy</p> <p>The strategy connects people to purpose to improve performance and deliver better outcomes</p>	<p>Digital and Customer Strategy</p> <p>The steps we will take to develop our digital offer in our services and communities</p>
	<p>Local Development Plan</p> <p>Our proposals and policies for future development and use of land</p>	<p>Economy and Enterprise Strategy</p> <p>Our proposals for increasing competitiveness, innovation and productivity.</p>
Delivery	<p>Service business plans</p> <p>Each service has a plan that evaluates performance, plans actions for the year ahead, includes metrics to monitor performance and manages risks.</p>	<p>Employee Aims and Objectives</p> <p>Employee appraisals enable individuals and teams to outline the values and performance that is relevant in their role and connects them to the purpose of the organisation.</p>
Evaluation & Risks	<p>Evaluation</p> <p>Evaluates performance, plans & metrics to monitor performance.</p>	<p>Strategic Risk Assessment</p> <p>Identifies, manages and monitors the Council's Strategic risks.</p>

Future Monmouthshire

The *Future Monmouthshire* programme is about ensuring the council remains relevant and viable for the next generation, while continuing to meet the day-to-day needs of residents, visitors and businesses. Future Monmouthshire and its interventions are built around our design principles. Future Monmouthshire has also focussed in on a number of significant future trends, such as the future of work, the utility of automated systems and machine learning, forward-looking land-use and house building and alternative models of service delivery. We have nine design principles that link to longer-term goals which help guide our work.