



CABINET

Subject Heading:

Commercial Strategy

Cabinet Member:

Councillor Ray Morgon, Leader of the Council.

ELT Lead:

Trevor Cook, Assistant Director, Education Services.

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Policy context:

The Commercial Strategy will support the delivery of a range of commercial activities in the Council. It will be managed within Havering's Governance framework to enhance financial sustainability and service efficiency, optimising resource allocation to improve services.

Financial summary:

There are no immediate direct financial implications for the Council. The Strategy will be delivered using existing resources, with costs absorbed by relevant teams. If specific commercial initiatives are identified which require investment, then this will be the subject of future reports.

Is this a Key Decision?

Yes.

(a) Expenditure or saving (including anticipated income) of £500,000 or more.

(c) Significant effect on two or more Wards.

When should this matter be reviewed?

Bi-annually

Reviewing OSC:

Overview and Scrutiny Board

The subject matter of this report deals with the following Council Objectives

People - Supporting our residents to stay safe and well	X
Place - A great place to live, work and enjoy	X
Resources - Enabling a resident-focused and resilient Council	X

SUMMARY

This report presents Havering Council's Commercial Strategy for 2024-2029 detailed in Appendix 1. It seeks to consolidate the organisation's approach to commercial activities, fostering enhanced synergy among teams delivering commercial activity to ensure swift identification and actions taken on commercial opportunities.

The Strategy is underpinned by 4 strategic priorities and outcomes:

1. Governance.
2. Commercial Capability.
3. Communication & Marketing.
4. Data & Technology.

RECOMMENDATIONS

Cabinet is recommended to:

- Approve the Commercial Strategy and the Action Plan.
- Agree to the resourcing of the Strategic and Operational Boards.

REPORT DETAIL

- 1.1. Havering Council is a well-run, efficient, and productive organisation, continuously striving to provide better services and outcomes for residents. However, the Council continues to face significant financial challenges due to demographic changes that drive up demand for statutory services such as social care and housing. The emerging cost of living crisis has further strained the budget, compounded by cuts from central government grant funding. We have had to rely on local funding through council tax and business rates, but this is insufficient to offset the reduction in central government support.
- 1.2. In this era of prolonged austerity, there is a pressing need for a new, more agile, innovative, and commercially aware organisation to ensure that our limited resources are maximised for value and to create a financially sustainable organisation that meets the evolving needs and expectations of residents. Embracing innovative and commercial strategies is critical for the council's financial sustainability.
- 1.3. The Target Operating Model (TOM) created an opportunity for Havering Council to explore new ways of working, ensuring that the Council is fit for the future and able to manage the challenges ahead. As part of TOM a review of the council's commercial activities was conducted to identify growth opportunities and determine how these services should be organised.
- 1.4. The review revealed that several teams engaged in commercial activities have the potential to increase their income through expanded external trading. However, some barriers hinder the progress of delivering commercial activities. Overcoming these barriers requires a cultural shift to integrate commercial thinking into the Council and embed it within the decision-making process.
- 1.5. Proposals for a commercial governance structure, including a newly formed Strategic Commercial Board were presented to the TOM Programme Board for a decision by the Chief Executive.
- 1.6. The Commercial Strategy has been co-produced by different teams across the Council with the interest of delivering the Council's commercial ambitions. Three workshops were conducted to discuss and agree the strategic priorities of the Strategy and action plan needed to deliver the

Strategy and integrate a commercial culture across the organisation. The four strategic priorities and outcomes are:

1. **Governance:** A shared vision we are all working towards, with a clear, framework for ensuring that services support greater commercial activities and opportunities.
2. **Commercial Capability:** Investing in people's expertise to create a commercial culture and approach to knowledge sharing, going above and beyond to build our reputation for providing a high quality service.
3. **Communication & Marketing:** Understanding our customer's needs, before they do, to develop existing high performing and high demand services to grow and increase their customer base.
4. **Data & Technology:** Leverage data and digital tools to innovate and enhance operational efficiency. Utilising data and digital intelligence, building our digital offer through the use of virtual technologies.

1.7 The Strategy has due regard to risk management and performance monitoring to ensure the actions are monitored, evaluated, and reported to guarantee transparency and accountability.

1.8 The attached Commercial Strategy sets out our approach to delivering Havering's commercial ambitions. It is also accompanied by a detailed internal action plan which will be reviewed internally by the Strategic and Operational Commercial Boards.

REASONS AND OPTIONS

2.0 Reasons for the decision:

2.1 Adopting this Commercial Strategy ensures a strategic, coordinated approach to enhance the Council's commercial activities. By establishing a Strategic and Operational Commercial Board, it ensures a robust governance framework that swiftly identifies and responds to commercial opportunities, fostering collaboration across teams while maintaining effective oversight. This Strategy will integrate a commercial mind-set and culture within the workforce, driving service efficiency, optimising resource allocation, and better addressing residents' and local business's needs. This proactive, business-oriented approach ensures the Council operates with maximum effectiveness and financial sustainability, fostering a dynamic environment geared toward continuous improvement and innovation.

3.0 Other options considered:

3.1 Option 1 – Do nothing, continue as we are. This option has been rejected as it will not help address the future funding gap and the Council would not maximise or deliver its commercial opportunities.

3.2 Option 2 – Centralise teams/services that engage in commercial activities within a separate pillar. This option has been rejected as the success of the existing teams is due to them being embedded within teams that really know their customers, understand their needs, and can identify any developing market opportunities. Besides, centralising the teams may potentially hinder the prospects of developing a commercial culture across the organisation.

IMPLICATIONS AND RISKS

4.0 Financial implications and risks:

- 4.1 This report sets out a proposed new Commercial Strategy for the London Borough of Havering and an action plan for achieving cultural change and greater awareness of commercial principles.
- 4.2 The Council already undertakes a range of trading and commercial activities and raises significant amounts (over £30m) of fees and charges income from the public, schools and other bodies from activities including schools catering, car parks, bereavement services and others. This income enables the continued provision of good quality services. Adoption of the Strategy and the principles laid out should support this activity and the Strategy sets out how commercial thinking and awareness could support the Council achieve greater value for money across all its services.
- 4.3 Adoption of the Strategy in itself does not require additional resources but may require some reprioritisation of time and efforts from existing staff and management.
- 4.4 As a result, it is likely that improvements and new initiatives will be identified that may require future investment. Business cases will need to be developed, and any resources required identified.

5.0 Legal implications and risks:

- 5.1 There are no specific legal implications arising from the approval of the Commercial Strategy. There will be legal considerations arising from individual commercial activities and these will be evaluated as part of the business case and associated formal governance processes.
- 5.2 The Council has a range of powers that may be relied upon when delivering projects which form part of the Strategy, including the general power of competence under section 1 of the Localism Act 2011, subject to any other statutory constraints.
- 5.3 Key risks associated with commercial activity should be identified on the strategic and project risk registers as appropriate.

6.0 Human Resources implications and risks:

6.1 Other than the actions set out in the Action Plan (at Appendix 2 of the Strategy) (e.g. the need to invest in people's expertise to create a commercial culture), the recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

7.0 Equalities implications and risks:

7.1 The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

7.2 Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy, and maternity and gender reassignment.

7.3 The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

7.4 An EHIA (Equality and Health Impact Assessment) is usually carried out and on this occasion, this is attached.

7.5 The Council seeks to ensure equality, inclusion, and dignity for all in all situations.

7.6 There are not equalities and social inclusion implications and risks associated with this decision.

8.0 Health and Wellbeing implications and Risks:

8.1 There are no Health and Wellbeing implications arising from adopting the Commercial Strategy.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

The Council has agreed for the organisation and the borough to be carbon neutral by 2040 or sooner. A key strategic action centres around data and technology. Through this, sustainable practices and technologies will be integrated to reduce carbon emission associated with operation and services.

BACKGROUND PAPERS

None