

HAVERING
COUNCIL

Commercial Strategy

2024-2029

Making a Difference



Havering
LONDON BOROUGH

Contents

[Foreword](#)

[Executive Summary](#)

[Background](#)

[What 'commercial' means to us](#)

[Our Commercial Vision and Objectives](#)

[Guiding Principles](#)

[Creating a Commercial Culture](#)

[Strategic Links](#)

[Current Commercial Activities](#)

[Strategic Priorities and Outcomes](#)

[Performance Monitoring](#)

[Risk Management](#)

[Implementation Action Plan](#)

Foreword

I am pleased to present Havering Council's Commercial Strategy. This Strategy aligns closely with the Council's vision – *"The Havering you want to be part of"*, Havering's Corporate Plan and other key strategies contributing towards our ambition to enable a resident-focused and resilient Council where people are happy to live, work and enjoy.

The primary purpose of this Strategy is to provide a clear roadmap for the Council's commercial activities over the coming years. Our Strategy is built on the principles of commercialisation and social value, fostering economic development while ensuring that our commercial activities deliver social value for residents.

This comprehensive Strategy outlines our vision for acting commercially to making a difference, embedded in social value and financial sustainability. We are committed to delivering the objectives of fostering a commercially focused organisational culture, optimising commercial performance and financial management and enhance commercial outputs and service delivery. Our leadership is dedicated to implementing this Strategy with diligence and transparency, ensuring that our efforts yield long-term positive outcomes.

Like most local authorities, Havering Council faces the challenge of making significant savings against its annual spend to ensure a balanced budget and secure financial resilience. In the midst of economic uncertainty, it is crucial to make the best use of our resources. This Strategy aims to address these challenges head-on by leveraging our strengths and adopting a more commercial approach grounded in public service values to enhance service delivery.

This document is the culmination of extensive research, stakeholder consultations, and collaborative efforts. It reflects our commitment to adopting an inclusive approach and evidence-based decision making.

I would like to thank everyone who contributed to this Strategy. Your insights, feedback, and hard work have been invaluable in shaping this Strategy.

I encourage all readers to engage with this Strategy and contribute to its success. Let us work together to bring this Strategy to life and create a prosperous future for our community.

**Councillor Ray Morgon,
Leader of Havering Council.**

Executive Summary

This document outlines Havering Council's Commercial Strategy 2024-2029. This Strategy focuses on providing a corporate direction for the delivery of commercial activities in the organisation aiming to enhance financial sustainability through a commercially minded workforce.

Havering Council generates substantial revenue by engaging in various commercial activities. Surpluses from commercial activities have been reinvested in frontline services to address shortfall in funding gaps. In 2022, a realignment of the organisational structure saw the implementation of the Target Operating Model (TOM). TOM led to a review of the Council's commercial activities and with proposals for a commercial governance structure, which this Strategy builds upon.

This Strategy seeks to deliver four key priorities:

- 1. Governance:** A shared vision we are all working towards, with a clear framework, 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.

Background

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.

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.

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.

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.

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.

This Strategy sets out our approach to maximising value through more commercial approaches.

What 'commercial' means to us

Commercialisation for us is not restricted to income generation.

Commercialisation for Havering Council means:

Applying commercial principles to manage public services, generate income and deliver greater social value.

Utilising commercial skills to strategically use council assets, services, and capabilities to attract investment, generate revenue, improve efficiency, and provide better value for money.

Adopting a commercial mind-set with a focus on efficiency, effectiveness, and value for money.

Collaborative working across different service areas to apply sound commercial judgment and data to inform business cases and decision-making.

Effective management of contracts and procurement activities.

Understanding our market and customers to deliver excellent customer services.

Developing positive relationships with public and private sectors.

We recognise that not all services will have the scope for commercialisation, nonetheless, efficiencies will be optimised by adopting a commercial approach to service delivery, such as seeking out grants and other funding opportunities that support innovation and efficiency in services and engaging in joint working and collaborative practices.

Our Commercial Vision & Objectives

Vision

Our vision is to be a commercially focused Council which utilises innovation and technology, delivers excellent services that prioritise social value, financial management, ensuring excellence and market leadership in service delivery to make a difference.

Objectives

Foster a Commercially Focused Organisational Culture

We will implement training programs that enhance commercial awareness, develop necessary skill sets, and ensure adequate capability and capacity across the organisation. We will encourage staff to think and act commercially in decision-making, promote cross-cutting work between directorates, and actively involve Council Members in commercial activities and decision-making processes to leverage their insights and support.

Optimise Commercial Performance and Financial Management

We will review and enhance existing commercial activities to improve performance and financial outcomes. We will centralise contracts and procurement management to streamline processes and control debt effectively, foster innovation to drive commercial success and establish robust data sets to monitor and analyse commercial activities for informed decision-making.

Enhance Commercial Outputs and Service Delivery

We will improve operational efficiencies and service delivery through strategic partnerships, including collaborating with other Local Authorities to increase purchasing power. We will improve service offering, focus on customer satisfaction by consulting and listening to customers, exploring the market for inspiring ideas, and staying informed about market and product knowledge.

Guiding Principles

We have agreed the following principles to drive delivery of this Strategy. These principles set the context and the scope for the Commercial Strategy as well as providing a high level evaluation test for commercial opportunities.

GUIDING PRINCIPLES



Social Value

Our commercial efforts aim to enhance service delivery for our communities, focusing on a customer-centric approach.



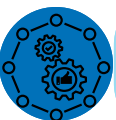
Strategic Alignment

Commercial projects must align with the Council's Vision, values, and priorities in the Corporate Plan, ensuring improved outcomes for our community.



Financial Discipline and Sustainability

We will prioritise strategies that drive profitability and sustainable growth, ensuring efficient cost management and long-term value creation. Investment opportunities will be prudent and sustainable, safeguarding public funds and the Council's reputation.



Applicability to All Services

Our broad definition of commercial applies to all services. While financial impacts may vary, every service can contribute by adopting a commercial mind-set in their thinking, planning and actions.



Building a Business-Like Culture

We aim to foster a culture of commercial thinking and innovation across all services. Through training, we will develop commercial understanding, skills, and behaviours, making commercial thinking the norm.



Data-Driven Decision Making

We will use evidence-based practices and data to guide decision-making and identify growth opportunities.



Learning and Risk Management

We will measure success factors, learn from mistakes, and manage risks. A balanced approach will be taken to manage performance, assess risks, and capture learnings from commercial projects.

Creating a Commercial Culture

Creating a commercial culture requires a shift in mind-set across the organisation. Adopting this Strategy is a vital step in instilling a commercial culture within the council.

Our organisational values of Creativity and Ambition reflect our commitment to commercialisation. By finding ways to solve problems and make improvements, seeking new ideas and opportunities to innovate, being flexible and open to change, we aim to make Havering the best place to live, work, and do business. We take pride in our work and the efforts of our teams, and we are committed to continuous improvement. These values underpin the development of a commercial mind-set within Havering.

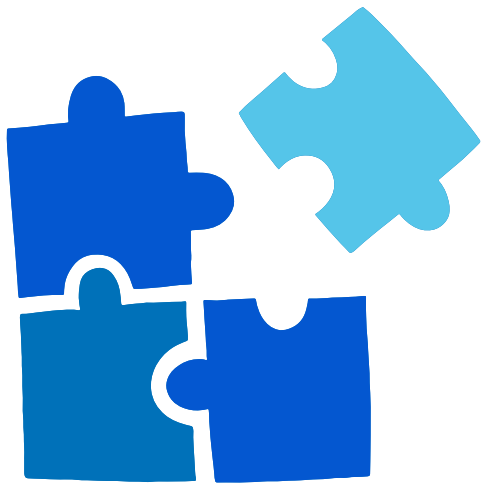
The Executive Leadership Team recognise their significant role and motivational contribution in driving the culture of commercialism throughout the entire organisation. To cultivate a positive commercial culture, Members and Officers will be equipped with the necessary skills and expertise needed for successful commercialisation. Training programmes will be sourced and developed to support this cultural change.

Creating a supportive environment within the organisation is crucial for nurturing innovative ideas and developing them into robust project proposals. By establishing avenues such as a forum for sharing ideas related to commercial activities and implementing training on commercial awareness we will encourage and support staff to propose commercial ideas and embed commercial principles in our daily operations. By embedding a commercial culture and ethos, we ensure that all services operate effectively and efficiently.

Broadening the commercial culture within the council involves empowering staff to be innovative and adopting business-like practices to deliver services more efficiently and effectively. The four strategic priorities will drive this cultural change, ensuring a successful transition to a more commercially minded organisation.

Strategic Links

This Commercial Strategy aligns closely with other key strategies and plans that contribute towards the overall success of Havering Council.



Current Commercial Activities



Engaging in commercial activities is not new to Havering. We currently generate revenue through income generating services and traded services.

Our current commercial activities operate across different service areas including property & land holdings, bereavement & registration, highways, services to schools, garden waste and many more.

This Strategy seeks to integrate these efforts rather than replicate them, providing direction and a framework that fosters synergy among our existing commercial services.

It also aims to identify and successfully implement new opportunities.

Strategic Priorities and Outcomes



Governance

A shared vision we are all working towards, with a clear framework, ensuring that services support greater commercial activities and opportunities.



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.



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.



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.

Performance Monitoring



With a robust governance process, performance monitoring of the Commercial Strategy is integrated in the activities of the Strategic and Operational Commercial Board.

The successful delivery of the Commercial Strategy will be measured through monitoring outcomes of the four strategic priorities supporting the delivery of the Strategy. This will allow for appropriate oversight and monitoring, enabling Board members to assess progress being made and initiate improvement planning if needed.

To ensure continuous improvement an evaluation framework will be devised and adopted by the Commercial Boards that can demonstrate delivery of the strategic priorities. These evaluation principles will provide the basis for organisational learning and future improvement planning.

Regular evaluations will ensure we stay on track to meet our objectives and adapt to changing circumstances.

Risk Management

R

Recognising that commercial activities inherently involve risk, we will adhere to the Council's Risk Management Strategy & Toolkit, while giving due regard to the Strategic Risk Register. Our commitment to governance processes ensures transparent decision-making and reporting. Our approach will balance innovation with prudence to mitigate risks while pursuing opportunities.

I

Risk management is integral to our Commercial Strategy. While recognising the inherent risks in commercial activities, we are committed to robust risk management practices.

S

We will establish strong governance arrangements to effectively manage commercial activity risks, involving appropriate oversight from Commercial Boards and Members oversight and scrutiny.

K

Prior to embarking on commercial activities appropriate due diligence review will be undertaken to assess associated operational and strategic risk including mitigation measures that can be implemented.

Legal advice will be an early aspect of any development of commercial activities to ensure the Council will be acting within the legislative framework in undertaking the activity and to inform good decision making. Specialist external advice will be sought as appropriate.

We will undertake frequent review of all risks relating to commercial activity in the context of the Council's overall risk management approach, with appropriate escalation and reporting.

Commercialisation projects will be closely monitored by the Commercial Boards, ensuring risk associated with project delivery is mitigated.

Implementation Action Plan



Governance

A shared vision we are all working towards, with a clear framework, ensuring that services support greater commercial activities and opportunities.

SHORT - MEDIUM TERM (2024/26)	MEDIUM - LONG TERM (2026-2029)
Establish a Strategic Commercial Board for a strategic alignment and high-level oversight for the development and execution of the Commercial Strategy.	Embed commercial contract management approach within each service that incorporates social value, particularly in procurement and commissioning process.
Establish an Operational Commercial Board to facilitate idea generation and oversee the practical implementation of the Commercial Strategy.	Develop a robust Commercial Framework to evaluate commercial opportunities with thorough business case assessments reviewed by the Commercial Boards, including comprehensive risk management considerations.
Identify Lead Member and ELT Lead for 'Commercial Opportunities'.	Commercial activities subject to internal audit & scrutiny.
Develop streamlined process in Governance for decision making to ensure opportunities are not lost.	Develop single views of 'customers' to identify opportunities.
Embed 'Commercial Opportunities' within existing decision-making processes.	Establish a differentiated approach to fees and charges.
Implement Risk escalation and management process with oversight from Commercial Boards.	Develop a resource for identifying grants, bidding and sponsorship opportunities.

Implementation Action Plan

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.



SHORT - MEDIUM TERM (2024/26)

Develop a commercial culture and mind-set across the Council.

Identify Commercial Learning Sponsors from service areas to create and commission a programme of staff training in commercial awareness and relationship building.

Identify and promote commercial 'leads' across services.

Create a forum for sharing ideas relating to commercial activities.

Identify (mandatory) training and development opportunities for staff on commercial awareness and customer service.

MEDIUM - LONG TERM (2026-2029)

Incorporate manager and staff commercial competencies into PDR objectives.

Embed commercial approach to service delivery.

Include 'commercial skills/knowledge' in job profiles.

Embed recognition of commercial activities as part of the STAR award category.

Implementation Action Plan



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.

SHORT - MEDIUM TERM (2024/26)	MEDIUM - LONG TERM (2026-2029)
Introduce a Commercial section to the Intranet, with information on teams and services to enable signposting.	Develop existing & high demand services to grow & improve their trading positions by deepening & broadening their customer base.
Introduce a Commercial section to the Internet, with information on teams and services to enable signposting and customers to get in touch.	Use our website, SEO, and brand value to promote our trading and commercial activities and those which we can partner with others to receive a financial return.
Establish single points of contact for services that share customers.	Identify targeted marketing approach to understand our audience, including use of advocates, social media etc.
Increase awareness across the borough about the range of services offered by the Council.	Utilise various communication channels available to the Council to engage with and communicate with the public, leveraging customer information and contacts to identify and develop new commercial opportunities.
Develop a ‘prospectus’ of services for potential new customers.	

Implementation Action Plan



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.

SHORT - MEDIUM TERM (2024/26)	MEDIUM - LONG TERM (2026-2029)
Understand how our customers want to be communicated with.	Maximise the use of technology to drive simpler and more cost-effective processes for commissioners, procurement, buyers, and suppliers.
Identify opportunities to cross sell/upsell.	Using our vast amount of business and service data more intelligently to create new/ enhance existing commercial opportunities and better service delivery models which will generate new income for the Council.
Target new businesses in Havering to offer services.	Integrating artificial intelligence for service delivery and efficiency.
Develop a Power BI Commercial Dashboard to support decision making and forecasting.	Develop differentiated offer in the market place, expanding the market reach by adopting digital delivery.
Develop a single/process for a Customer CRM tool.	Digital self-service tools and processes will be introduced to provide central intelligence of our contract expenditure and a self-service experience to managing our commercial relationships.
Improve and simplify processes for payments to suppliers and income collection.	



Havering
LONDON BOROUGH

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