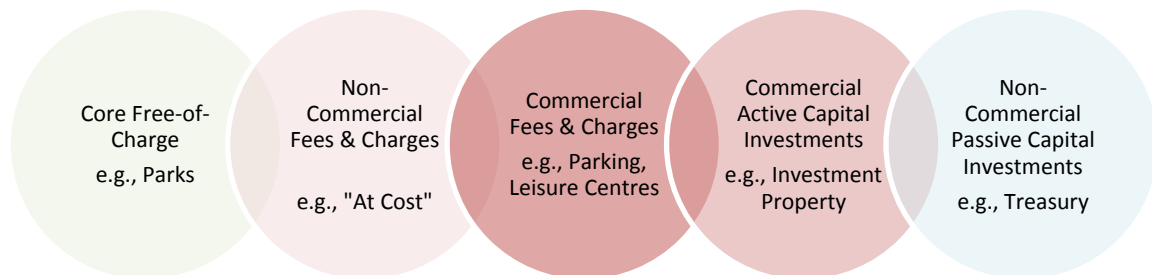


***‘Waverley Borough Council’s Commercial Strategy purpose is to identify and undertake appropriate activities for financial gain in order to generate funding for the better provision of the local services and facilities that we provide for residents.’***

**Introduction**

1. We are responsible for providing certain local services and facilities mandated by central government. We also choose to enhance these, and provide others, for the community benefit of our residents this ambition is reflected in the Council’s Corporate Strategy.
2. Excluding Social Housing, our activities can generally be classified as follows:



3. Measured by revenue income, approximately 50% of these activities are commercial and investment in nature<sup>1</sup> (with the balance financed by local taxation, grants and non-commercial fees and charges).
4. Some elements of our commercial activities are not necessarily *principally* for financial gain. For example, our car parks fulfil several purposes: while they generate significant revenue income, they can also be used to provide valuable

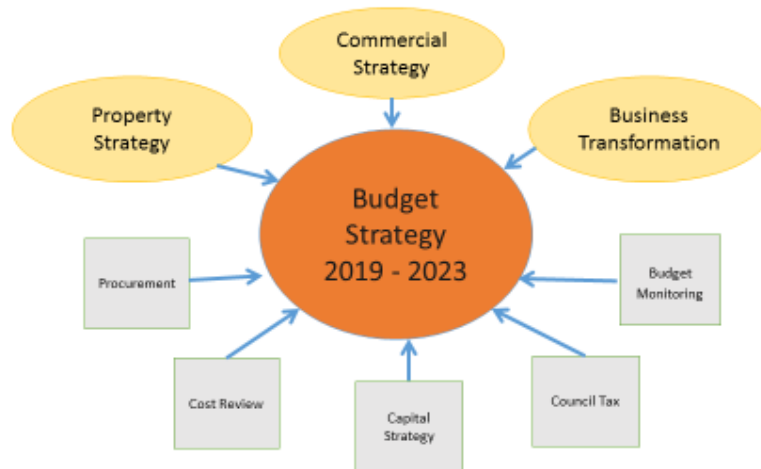
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<sup>1</sup> Capital proceeds from the disposal of land or other assets are restricted by statute from being used other than to fund capital expenditure which may, or may not, be commercial in nature.

non-financial community benefits for disabled residents, or encourage economic development.

5. All of these activities are currently undertaken through our General Fund. Our current Medium-Term Financial Plan forecasts our General Fund expenditure increasingly to exceed income, that deficit forecast to rise to £3.9m per annum by 2022-23. This is mainly because we expect grant funding to decline and we are constrained by central government as to how we can increase and retain local taxes. Therefore, if we are to avoid spending cuts like some authorities, we need to consider commercial opportunities to address the funding gap.
6. Waverley Borough Council has a duty to look after the public purse, and residents and businesses expect us to do this in a sensible manner. However within the current financial climate the Council needs to explore options to operate in a more commercial manner than has been historically expected. This does not mean taking unnecessary risks with public money. It means in these challenging financial times exploring opportunities to ensure we can continue to deliver the excellent services that our residents want and value despite the financial pressures on the Council's budget.
7. Each service statutory or non-statutory need to fully understand their cost base and their service demands. This will allow costs to be aligned to an agreed service level.
8. Council services, including the HRA, need to be reviewed with duplication removed and services prioritised. External support should be minimised wherever possible.
9. Partnership working will become ever more important to Waverley and we must strive to work closely with our public sector partners, Surrey County Council, other Boroughs & Districts, Education, Police, Health, LEPs to drive out asset and operational efficiencies.
10. Commercialisation for Waverley is a new state of mind and an integral strand of the Council's Business Transformation Strategy. This document should be viewed alongside:
  - Corporate Strategy
  - Medium Term Financial Plan
  - Capital Strategy and Property Investment Strategy

## General Fund Budget Strategy



### Governance

11. Commercial opportunities will be identified by Services with each 'work stream' presented as its own business case. Outcomes and financial targets will be identified from the outset to allow the success of projects to be evaluated.
12. At officer level a Programme Board will be needed to oversee and monitor the projects and work-streams within the programme. There will need to be commensurate Member oversight via Executive and the Value for Money/Customer Services Overview and Scrutiny Committee.
13. All activities will be undertaken within the structure of the Council's identified Risk Appetite. Authorisation for activities will be agreed by the Programme Board; and Executive and Full Council where required, namely when a decision sits outside of the agreed risk appetite appendix 1.

### Resources

14. It is envisaged that the commercial projects will be overseen by the Head of Commercial Services. In addition external expertise will be needed from time to time according to the demands of the various projects. It is anticipated that these costs will generally be addressed by the business cases of the projects concerned

## **Marketing**

15. As a Council we need to carry out a thorough piece of work exploring the relative markets for each service, identifying opportunities for commercial growth. This work programme will analyse opportunities in both discretionary and our statutory services. It will be important to explore opportunities for collaboration as well as exploiting competitive markets. A marketing based approach which identifies the unique selling points of our services and the place in the market where each service sits will inform our pricing structure as well as our promotional activity for identified services.

## **Work Programme**

16. The programme set out below identifies initial work streams that have been identified as suiting a more commercially focused approach, they will need to be refined to determine what is to be prioritised and other projects added when identified. Project plans and business cases will be produced for each work stream for approval from the programme board.

## **Income Generating Areas**

Following on from the work of the Budget Strategy Working Group, Senior Officers and Councillors need to prioritise the Council's expertise on Income Generating Areas, Appendix 2, which identifies the top potential income generating areas currently delivered by the Council. Excluding the high contribution areas which are accounted for within Waverley's Investment Strategy identified services within the medium and low contribution areas should be focused on to increase surplus. Market analysis will be vital gaining the understanding of where we can make the greatest impact on income generation.

## **Resources**

External marketing support working with a project group comprising of managers of services, communications, finance and commercial services.

Timescales 12 months with savings created between 12 and 24 months

Additional income expectation £100,000 (2021/22)

## **Fees & Charges (excl Car Parks)**

Fees and Charges need to be reviewed and streamlined to give clarity to potential customers and maximise where the Council can have the greatest financial impact and operate more efficiently. Focusing on non-statutory planning fees, green bin charges, careline and licensing the larger potential areas.

### **Resources**

Internal resources led by commercial services, key managers, democratic services and finance.

Timescales 2 years, year 1 to agree charges year 2 to embed them within the Council's fee structure.

Additional income expectation £50,000 (2020 -21)

## **Car Park Strategy**

This element of work is vital to the medium term financial plan potentially delivering a substantial element of income generation, commercial, target for the Council. It also presents the opportunity to align service provision to the needs of residents and visitors to Waverley.

### **Resources**

External resources need to be procured to report into a project board consisting of Head of Environmental Services; Head of Commercial Services and Head of Finance.

Timescales are six months to write and adopt the strategy and implement agreed actions.

Additional income expectation £250,000 (2020/21)

## **Leisure Investment**

Continue the successful investment programme in our leisure stock, namely in Farnham & Godalming Leisure Centres, increasing physical activity in the borough as well as delivering a return for the Council.

### **Resources**

External project management expertise procured to support the project as well a part time backfill role of the Leisure Services Manager for the period of the projects.

Timescales the projects will be completed by the end of 2020 early 2021 increased management fees will be received 2021/22.

Additional income expectation £150,000 - 200,000

### **New Commercial Company**

Following on from Council approval and detailed consideration by Overview & Scrutiny and the Investment Advisory Board paper to set up a trading arm focusing on housing and general property management of the Council. Explore opportunities that sit more appropriately within a commercial environment.

#### **Resources**

Internal legal; finance; democratic services and strategic director support is required to drive the project with governance coming from the Investment Advisory Board.

A budget of £150,000 will be needed to set up the new commercial company.

Timescales are difficult to predict but the officer ambition is to be trading 2021 – 22.

### **Land /Property Assets**

Thorough review of the Councils land and property assets (I believe this may have been started) to identify opportunities and risks (costs) to driving an income stream. With this clarity work practices can be aligned to create efficiencies at present a lot of officer time is misdirected to 'low' value work streams.

#### **Resources**

External and internal resources required to identify and value assets to allow effective decision making.

Timescale – review to be carried out 2019/20 with 'assets' identified for decision making 2020/21.

Projected additional income to be confirmed and are dependent upon review £30,000 is the target with the potential for additional one off capital receipts

## Summary

<b>Project</b>	<b>Resource Requirement</b>	<b>Timescale</b>	<b>Additional Income Expectation</b>
Prioritised Income Generating Areas	Internal	2021/22	£100,000
Fees & Charges	Internal	2020/21	£50,000
Car Park Strategy	External Support with Internal Governance	2020/21	£250,000
Leisure Investment	External Support with Internal Governance	2021/22	£150 -200,000
New Commercial Company – income streams	External Support and Internal Governance	Trading 2021/22	Commercial Activities to be identified throughout 2020/21
Review and maximisation of land and property assets	External support and internal resources	Review 2019/20 Activity 2020/21	To be confirmed by project  Capital receipts