1.0 PURPOSE OF REPORT

1.1 This covering report seeks endorsement of the Commercial Strategy 2019. To be monitored bi-monthly through the 2024 Programme governance with an annual update on progress.

2.0 RECOMMENDATION/S

2.1 The Commercial Strategy and prioritisation of four key commercial projects that are property focussed and considered to provide the greatest returns:

   1. Strategic Land and Asset Review
   2. Commercial Investment Portfolio
   3. Housing Company
   4. Treasury Management – Property Fund Investments

2.2 That Cabinet approve the Commercial Strategy and progression through the approval process alongside the updated MTFS.
3.0 RECOMMENDED REASON/S FOR DECISION/S

3.1 Considerable success has been achieved by HBC from innovative solutions and business transformation. The Statement of Ambition 2015 was profiled to reach £5m additional gross income by 2020 and it has been relatively successful in reaching that ambition. This commercial approach has included significant increases in the level of income received through the expansion of the Green Garden Waste service and improvements to the way that we operate our Commercial Trade Waste service to produce additional income well in excess of £1m. Further changes in our planning service, leisure offer, parks and transport teams have also contributed to an increase in income.

3.2 Recognising this success, HBC has aligned its ambitious transformation strategy with its commercial objectives, creating a 2024 Transformation Programme. This Commercial Strategy is profiled over a five year period 2019/20 to 2023/24. It provides key areas of concentration and clear objectives that are aligned with the MTFS that will contribute to meeting the financial pressures HBC faces in future years.

3.3 The strategy includes projects that provide a plan for growth, with the ambition to become a self-sustaining Council. It provides transparency on what we intend to do and our proposed methods of achievement e.g. consider funding for investment taking advantage of the favourable borrowing rates available to Councils from the Public Works Loans Board and making higher yield investments thereby generating a beneficial differential to HBC.

4.0 ALTERNATIVE OPTION/S CONSIDERED AND RECOMMENDED FOR REJECTION (Must be used for reports to Cabinet & Cabinet Members)

None at this time.

5.0 THE REPORT

5.1 The Commercial Strategy (the strategy) sets out our commercial objectives for the years covering 2019/20 to 2023/24. It aligns with the priorities set out in the Council’s Corporate Plan (CP), the Medium Term Financial Strategy (MTFS) and the Economic Growth Strategy.

5.2 There is a broad spectrum of activity and opportunity to be achieved from existing and new business. There are four areas of concentration:

a. **Culture** - *Promote and engender commercial thinking and creativity as well as a ‘can do’ attitude throughout the organisation.*
b. **Trade** – *doing something that generates profits that can then be deployed for the Council to deliver its priorities.*

c. **Enterprise** - *being resourceful and looking for increased innovation and confidence to consider different options some that would not previously have been considered, trialling new ways of working and applying learning.* HBC are not risk averse and a measured, considered approach will be taken and applied when considering future options.

d. **Invest** - *The Council’s capital and revenue investment decisions go beyond the traditional Public Sector approach of achieving social and community goals, replacing infrastructure and improving land and buildings. The principal focus will be on investing in projects and schemes that will generate some form of financial return on investment for the Council.*

5.3 The purpose of the four areas above is to contextualise what HBC considers commercial activity, providing a shared understanding both internally and externally.

5.4 The financial projections and alignment with the MTFS provides clarity of expectations, outcomes and achievements from that commercial activity. Providing validity and assurance to the financial profiling in the strategy.

5.5 The strategy has an all-encompassing purpose; to consider every opportunity that may arise internally and externally to generate and maximise income streams whilst also challenging current operating models to ensure best practise and greater efficiencies from SMARTER working.

5.3 The primary reason for a five year plan is to create a ‘road map’ of where we want our focus to be, to enable us to have a realistic, deliverable proposal for how we can get there. It acknowledges the need for risk and the strong governance provides assurance of how that risk will be managed. The financial profile projects future income growth that is currently considered to be achievable. However it should be acknowledged that these projections are based upon research, current demand, assumptions and in some areas speculation. Financial markets and other influences have been considered but many of these factors are outside the control of HBC.

5.4 The four key projects are property focussed. Each key area has the same objective to operate commercially for monetary gain to achieve greater self sustainability for HBC.

5.5 Please note that economic development and growth within Harrogate District will be a major consideration and may become the primary factor in the decision making process above that of monetary gain.

5.6 The wider commercial programme has focussed on traded services and these are now achieving increased income generation from transformation of business process and introduction of a commercial culture and ethos. Work continues with Services across the organisation to maximise opportunities.
6.0 REQUIRED ASSESSMENTS AND IMPLICATIONS

6.1 The following were considered: Financial Implications; Human Resources Implications; Legal Implications; ICT Implications; Strategic Property/Asset Management Considerations; Risk Assessment; Equality and Diversity (the Public Sector Equality Duty and impact upon people with protected characteristics). If applicable, the outcomes of any consultations, assessments, considerations and implications considered necessary during preparation of this report are detailed below.

6.2 The Commercial Strategy has been presented and approved by the following: Management Board, 2024 Transformation Board, Corporate Policy Group. Financial Services have validated the financial profiling and Your Voice staff consultation has been undertaken.

Outlined in the Strategy is the process for approval of each project within the programme, this will require a business case and validation by the required Service expertise before progressing to delivery.

7.0 CONCLUSIONS

A robust governance is in operation through the 2024 Programme to provide assurance to Cabinet for final approval.

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