



**SCRUTINY COMMISSION**

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To: Councillors Brookes, Hamilton, Seaton (Chair), Parton, Popley, Charles and Miah (For attention)

All other members of the Council  
(For information)

You are requested to attend the meeting of the Scrutiny Commission to be held in Preston Room, Woodgate Chambers on Monday, 6th December 2021 at 6.00 pm for the following business.

Chief Executive

Southfields  
Loughborough

1st December 2021

**AGENDA SUPPLEMENT**

6. COMMERCIALISATION SCRUTINY PANEL - UPDATE

3 - 15

A report to enable the Commission to consider the implementation of the decisions taken by the Cabinet following its consideration of the report of the Commercialisation Scrutiny Panel and what, if any, further action may be required.

## SCRUTINY QUESTIONS

What topics to choose?

- What difference will scrutiny make?
- Is this an area of concern – public/performance/risk register?
- Is this a corporate priority?
- Could scrutiny lead to improvements?
- What are the alternatives to pre-decision scrutiny?

Pre-decision scrutiny

- What is Cabinet being asked to agree?
- Why?
- How does this relate to the overall objective? Which is ...?
- What risks have been identified and how are they being addressed?
- What are the financial implications?
  
- What other options have been considered?
- Who has been consulted and what were the results?
- Will the decision Cabinet is being asked to take affect other policies, practices etc.?

Basic Questions

- Why are you/we doing this?
- Why are you/we doing it in this way?
- How do you/we know you are making a difference?
- How are priorities and targets set?
- How do you/we compare?
- What examples of good practice exist elsewhere?

## SCRUTINY COMMISSION – 6TH DECEMBER 2021

### Report of the Head of Strategic Support

#### ITEM 6 COMMERCIALISATION SCRUTINY PANEL – UPDATE

##### Purpose of Report

To enable the Commission to consider the implementation of the decisions taken by the Cabinet following its consideration of the report of the Commercialisation Scrutiny Panel and what, if any, further action may be required.

##### Recommendation

That the Commission consider the information provided in respect of the implementation of the decisions taken by the Cabinet following its consideration of the report of the Commercialisation Scrutiny Panel and for each decision determine whether:

- the implementation is complete or sufficiently complete and no further monitoring is required;
- the implementation is not complete and a further update for the Commission is required, or
- the implementation is not complete or other issues with the implementation are identified and a recommendation or advice to the Cabinet is required.

##### Reason

To enable the Commission to be satisfied that decisions taken following scrutiny recommendations are being implemented satisfactorily, take or recommend any further action that is necessary and ensure the effectiveness of the scrutiny function.

##### Policy Justification and Previous Decisions

As part of the process for ensuring the effectiveness of the scrutiny function the Commission receives a report setting out the Cabinet's responses to scrutiny recommendations and a later report on the implementation of the decisions taken by the Cabinet. These later reports are usually considered by the Commission 6 months after the Cabinet decisions are made. However due to the pandemic and the requirement for the Commission to prioritise scrutiny of other matters this report was deferred and is reporting the implementation of decisions approximately 18 months after it first considered the findings of the Panel.

On 13th August 2020, the Cabinet considered the findings and recommendations of the Commercialisation Scrutiny Panel. The decisions taken by the Cabinet are set out in the Appendix to this report, and also include the current status of the actions undertaken following those decisions, set out in the form of a table.

## Implementation Timetable including Future Decisions and Scrutiny

The Commission normally only receives one report on the implementation of decisions taken following scrutiny recommendations. There would, therefore, not normally be a further report following this one. The Commission may however decide that further updates are necessary or may choose to make further recommendations to the Cabinet.

### Report Implications

There are no implications; this is an update.

### Background Papers

1. Cabinet, 13th August 2020 – agenda item 6, Commercialisation Scrutiny Panel report, and minute 25.
2. Scrutiny Commission, 6th July 2020 – agenda item 10, and minute 26.
3. Commercialisation Scrutiny Panel agendas and notes of meetings held on:

Meeting 1 (informal) – 5th November 2019

Meeting 2 – 28th November 2019

Meeting 3 – 23rd January 2020

Meeting 4 – 5th March 2020

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Cabinet Decisions Following Consideration of Panel Report	Actions Taken to Implement Decisions (including estimated completion date if appropriate)	Status
<p><b>Panel Recommendation 1</b> That all assets owned by the Council are reviewed immediately and annually thereafter to identify revenue and sale opportunities.</p> <p><b>Cabinet Resolution</b> that, in respect of Panel Recommendation 1, a review of all material assets be undertaken to inform the forthcoming budget setting exercise, and that this exercise be continued on an ongoing basis;</p>	<p><b>Response of the Strategic Director:</b></p> <p>Charnwood’s significant landholdings (i.e. Woodgate Chambers, Limehurst Depot and Southfield Road) are under review and are being considered in developing the Council’s future accommodation needs.</p> <p>CBC also hold many commercial property assets that are under lease and generate significant income for the Council. These will not be sold.</p> <p>Smaller, less material landholdings are reviewed as they become of interest to parties whom may be interested in a purchase.</p>	In progress
<p><b>Panel Recommendation 2</b> That the Council should consider hiring out other council facilities for corporate events, examples include, but are not exclusive to, the Charnwood museum, the Town Hall and Council meeting rooms.</p> <p><b>Cabinet Resolution</b> that, in respect of Panel Recommendation 2, this review be considered in future periods when resource constraints permit;</p>	<p><b>Response of the Strategic Director</b></p> <p>The Council’s facilities are hired out for corporate and personal events, specifically the Town Hall.</p> <p>The COVID pandemic has slowed this letting activity but this is recovering slowly and plans are in place to maximise room let.</p>	Closed

<p><b>Panel Recommendation 3</b> That the Council develops criteria to maximise revenue opportunities from existing services and then pursue those that provide the best opportunity to generate income.</p> <p><b>Cabinet Resolution</b> that, in respect of Panel Recommendation 3, Cabinet notes the criteria set out in the response of the Senior Leadership Team to the recommendation (as follows): <i>A set of criteria was provided to the Commercialism Scrutiny Panel in response to a question asking why the Council felt a focus on commercial property investment was appropriate. Whilst other circumstances may now suggest that focus should be amended, the underlying situation remains the same and the commentary and criteria listed below are still considered relevant.</i></p> <p><i>The latest version of the Medium Term Financial Strategy (covering financial years 2020-2023) set out the likely scale and timing of financial challenges facing the Council in the short and medium term. Although the precise quantum and timing of these challenges is inevitably somewhat speculative it is clear that if commercial activities are to contribute significantly to their mitigation then:</i></p> <ul style="list-style-type: none"> <li>• <i>Income needs to be achievable at a scale that makes a difference</i></li> <li>• <i>Income needs to come on stream at significant scale within a relatively short time</i></li> </ul>	<p><b>Response of the Strategic Director</b></p> <p>Reasonable opportunities are presented by Heads of Service to the Senior Leadership Team; these have been captured in the latest round of “Options for Change” and presented to Cabinet for discussion.</p> <p>The criteria set out on the left remain pertinent and necessary when considering any commercial activity.</p>	<p>Closed</p>
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*(realistically within the 2020/21 financial year) There are also other factors relating to risk, opportunities, and the internal skills and capacity available to the Council. Taking into account these factors, and the requirement for commercial income to be achievable at scale and in the short term, allowed the following criteria to be derived when assessing potential commercial opportunities. Criteria for assessing commercial opportunities*

- 1. Can income be generated at scale?*
- 2. Can income streams be developed (at scale) within the next financial year?*
- 3. Can the income streams be delivered with relative certainty?*
- 4. Are there significant financial risks associated with the opportunity?*
- 5. Is there a track record within the Council – or other local authorities – which demonstrate the opportunity is viable?*
- 6. Does the Council have any commercial advantage in addressing an opportunity compared to the private sector (or – potentially – neighbouring local authorities or other public bodies)?*
- 7. (Conversely) is the Council at a commercial disadvantage compared to existing players in the market who may have existing brands, infrastructure or track record of service delivery?*
- 8. Could the private sector respond to the Council entering the market by competing aggressively – e.g. through price competition - such that an initial or extended period of trading losses might ensue?*

Cabinet Decisions Following Consideration of Panel Report	Actions Taken to Implement Decisions (including estimated completion date if appropriate)	Status
<p>9. Does the Commercial opportunity come with significant legal or regulatory risk?</p> <p>10. Does the Council have skills and capacity within the existing workforce that enable the delivery of the commercial opportunity?</p> <p>11. Could the Council easily access skills and capacity from the employment / interim / consultancy markets that enable the delivery of the commercial opportunity?</p> <p>12. Are there political or ethical reasons which may constrain the Council's ability to provide services on a commercial basis</p>		
<p><b>Panel Recommendation 4</b> That the Council undertakes pricing analyses, e.g. competitor price analyses or cost analyses, to ascertain if the prices charged for its goods and services are appropriately priced.</p> <p><b>Cabinet Resolution</b> that, in respect of Panel Recommendation 4, officers begin this review as soon as is reasonably possible, given current resource constraints;</p>	<p><b>Response of the Strategic Director</b></p> <p>Fees and charges are reviewed annually and set appropriately.</p>	Closed

Cabinet Decisions Following Consideration of Panel Report	Actions Taken to Implement Decisions (including estimated completion date if appropriate)	Status
<p><b>Panel Recommendation 5</b> That the Council reviews goods and services offered for a fee to residents by other similar councils to assess whether it may offer additional discretionary services for a charge or fee to Charnwood residents</p> <p><b>Cabinet Resolution</b> that, in respect of Panel Recommendation 5, officers review fees and charges in line with budget preparation for financial year 2021/2022</p>	<p><b>Response of the Strategic Director</b></p> <p>Fees and charges are reviewed and set annually and are reviewed by Members and Officers.</p> <p>Where fees can be charged, fees are applied and are not dissimilar to neighbouring authorities.</p> <p>Recent Options for Change stand as evidence of this work.</p>	Closed
<p><b>Panel Recommendation 6</b> That all Council Service areas are evaluated to determine whether they may be subcontracted more efficiently and whether capabilities exist in house that may be sold to other organisations.</p> <p><b>Cabinet Resolution</b> that, in respect of Panel Recommendation 6, Cabinet notes the intention to implement a programme of service reviews;</p>	<p><b>Response of the Strategic Director</b></p> <p>Again, the options for change that have been recently submitted and considered will outline appropriate potential opportunities.</p> <p>A service review programme has also been initiated.</p>	In progress

Cabinet Decisions Following Consideration of Panel Report	Actions Taken to Implement Decisions (including estimated completion date if appropriate)	Status
<p><b>Panel Recommendation 7</b> That a central innovation unit based on NWL DC's Think Tank is created to develop, monitor, evaluate, and control commercialisation projects and is part of the new Commercial Development strategic directorate</p> <p><b>Cabinet Resolution</b> that, in respect of Panel Recommendation 7, Cabinet notes the response of the Senior Leadership Team to the recommendation (see below); <i>'Prior to the COVID-19 outbreak it was intended that a Commercialism Board be set up which would have considered the above within the development of its terms of reference. Given current resource constraints it is unlikely that the Board will be constituted in the near future but the concept of such a Board, and the NWL DC Think Tank is supported.'</i></p>	<p><b>Response of the Strategic Director</b></p> <p>Commercial operations at scale (property leasing and management, garden waste, etc) are closely managed on a day to day basis.</p> <p>The central focus of innovation and change is now being monitored by the transformation board that that been established.</p>	<p>In progress</p>

Cabinet Decisions Following Consideration of Panel Report	Actions Taken to Implement Decisions (including estimated completion date if appropriate)	Status
<p><b>Panel Recommendation 8</b> That a training and development programme is developed and implemented for officers on the Council’s commercialisation strategy and skills required to embed an entrepreneurial culture and innovative ways of working.</p> <p><b>Cabinet Resolution</b> that, in respect of Panel Recommendation 8, the Commercial Enterprise Strategy is presented for adoption as set out in the response of the Senior Leadership Team to the recommendation (see below): <i>‘A commercial enterprise strategy will be presented in October for consideration by Members, which will take into account whether training and development is required and to what extent.’</i></p>	<p><b>Response of the Strategic Director</b></p> <p>Cabinet adopted a Commercialism position statement at Cabinet in October 2020 which sets out the Council’s position and approach.</p> <p>Governance provided by the SWaP transformation board oversees potential activity.</p>	In progress
<p><b>Panel Recommendation 9</b> That an exercise is carried out to examine internal controls and eradicate those that are surplus with a view to increasing entrepreneurial activity and reducing bureaucracy.</p> <p><b>Cabinet Resolution</b> that, in respect of Panel Recommendation 9, the Commercial Enterprise Strategy lays out the tenets of what is meant by commercial and the principles by which commercial activity must be delivered;</p>	<p><b>Response of the Strategic Director</b></p> <p>Internal controls and governance dictated by the Constitution are reviewed and updated annually.</p> <p>The Senior Leadership team also review and adapt internal controls as required to balance the needs of flexibility and oversight.</p>	In progress

Cabinet Decisions Following Consideration of Panel Report	Actions Taken to Implement Decisions (including estimated completion date if appropriate)	Status
<p><b>Panel Recommendation 10</b> That non-property related investments and other commercial opportunities considered by the Council are scrutinised prior to the decision being taken and that a monetary value / investment level is set above which decisions are assessed and scrutinised in advance of being made.</p> <p><b>Cabinet Resolution</b> that, in respect of Panel Recommendation 10, for urgent commercial decisions, members be made aware of the process and how it will be executed;</p>	<p><b>Response of the Strategic Director</b></p> <p>This resolution has been delivered with appropriate levels of governance and transparency.</p>	Complete
<p><b>Panel Recommendation 11</b> That given the budget pressures identified in the MTFS, the Council borrow more than £10million to invest in commercialisation projects including projects other than commercial property investment</p> <p><b>Cabinet Resolution</b> that, in respect of Panel Recommendation 11, a revised capital programme is brought to Council once its review is complete;</p>	<p><b>Response of the Strategic Director</b></p> <p>As noted above, this activity has been completed and approximately £23.5m has been invested.</p>	Complete

Cabinet Decisions Following Consideration of Panel Report	Actions Taken to Implement Decisions (including estimated completion date if appropriate)	Status
<p><b>Panel Recommendation 12</b> That the Council considers creating a balanced portfolio of commercial properties, whereby a proportion of properties are purchased within the borough's boundaries and aligned with the Council's strategic objectives.</p> <p><b>Cabinet Resolution</b> that, in respect of Panel Recommendation 12, options concerning investment are reviewed once HM Treasury has updated rules and policy regarding access to the Public Works Loan Board;</p>	<p><b>Response of the Strategic Director</b></p> <p>As noted above, this activity has been completed and approximately £23.5m has been invested.</p>	Closed
<p><b>Panel Recommendation 13</b> That opportunities to improve and increase car parking and car parking enforcement are investigated.</p> <p><b>Cabinet Resolution</b> that, in respect of Panel Recommendation 13, Cabinet notes the response of the Senior Leadership Team to the recommendation (see below); <i>'The Council will need to consider its approach to car parking as part of the recovery agenda and the new economic context we find ourselves in. Opportunities to maximise income will need to be balanced with supporting footfall and regeneration of town centres.'</i></p>	<p><b>Response of the Strategic Director</b></p> <p>The current options for change being evaluated are considering the carpark offering across the Borough with regards to fees and capacities.</p>	In progress

Cabinet Decisions Following Consideration of Panel Report	Actions Taken to Implement Decisions (including estimated completion date if appropriate)	Status
<p><b>Panel Recommendation 14</b> That the ties between the Council and Loughborough University, other regional universities and further education colleges, and other economic development agencies such as the Midlands Engine, are explored and investigated to see if they can be further strengthened to enable all organisations to benefit commercially from joint initiatives.</p> <p><b>Cabinet Resolution</b> that, in respect of Panel Recommendation 14, engagement with partners continues and any viable opportunities be brought to Cabinet and/or Council for approval when appropriate;</p>	<p><b>Response of the Strategic Director</b></p> <p>The Council is actively engaged with strategic partners and has recently delivered investment in the Enterprise Zone and the Careers and Enterprise Hub in the Town Centre.</p>	In progress
<p><b>Panel Recommendation 15</b> That Council owned garage sites in the Borough be redeveloped for Council owned affordable housing.</p> <p><b>Cabinet Resolution</b> that, in respect of Panel Recommendation 15, the review of garage sites for prospective redevelopment continues in line with existing practice;</p>	<p><b>Response of the Strategic Director</b></p> <p>Where a development opportunity exists within the HRA and the business case can be made, these will be considered.</p> <p>In the main, these smaller sites do not present viable development opportunities, given the level of social rents that can be charged.</p>	Ongoing

Cabinet Decisions Following Consideration of Panel Report	Actions Taken to Implement Decisions (including estimated completion date if appropriate)	Status
<p><b>Panel Recommendation 16</b> That the Council creates a business case for a street cleaning, grounds maintenance company similar to the 'Streetwise environmental Limited' company of Rushcliffe Borough Council.</p> <p><b>Cabinet Resolution</b> that, in respect of Panel Recommendation 16, officers review and target activities that deliver cost savings and/or income generation in the very short term as a priority.</p>	<p><b>Response of the Strategic Director</b></p> <p>The Council currently outsource the services noted in the recommendation. When approaching the end of these contracts, officers will review options to either continue to outsource, bring the service in-house or alternative arrangements.</p>	<p>Future action</p>