

Appendix 1 – Commercial Strategy Review

Summary

1. Over the last 9-10 months the council has been reviewing and revising its commercial strategy with the aim of a revised strategy being agreed by cabinet in April 2022.
2. In its corporate plan the council has set a clear aim to work together with our communities to support and sustain our economy, environment, and people. The commercial strategy provides direction and a purpose of commercial activity for the Isle of Wight Council and we hope to influence our public sector partners as part of this approach.
3. The impact of budget cuts from reduction in central government funding has put increased pressure on the council's revenue budgets. In line with many other local authorities the Isle of Wight Council must either seek to review the services it delivers or seek additional income from alternative sources to balance the revenue account.
4. The council remains committed to delivering the best quality services to meet the needs of the local community. Our starting point is always to remember that we are a local authority. We have statutory obligations that we must fulfil including to support and safeguard our most vulnerable residents. As a local authority, we have a responsibility to make decisions that will, in the first instance, benefit the Island directly with our residents' best interests in thought.
5. As such, we will exercise our powers that come with being a local authority to always benefit our Island - for the people who live, work and visit. This is why we (councillors and council officers) came into public service to deliver outstanding customer service. It is our core function and our key driver. All commercial opportunities should be considered in this light. It is for this reason that in the absence of any particular benefit to residents of the Island we are unlikely to make significant investment in opportunities outside of the Isle of Wight.
6. The review of the commercial strategy provides an opportunity to review and refresh our priorities and to reset our corporate approach, ensuring that commercial operations return a level of income to cover running costs and to fill surplus capacity and to plan for future operations delivering a surplus.
7. The values of being entrepreneurial and commercially focused for the Isle of Wight Council to react to its communities' needs is not simply about profit; it can be summarised into three broad themes.
 - Increasing revenue through the production of service-based savings or income; improving efficiency of service delivery through reducing costs and streamlining processes,
 - Making the Council's commitment to tackling climate change a priority at the heart of all decisions,
 - Increasing community wealth or producing social value by acting on the Council's position as a steward for the Island.

8. Key to ensuring the success of the strategy will be ensuring that those involved in its implementation have the appropriate skills and resources and to this end the council has already embarked on a training programme.
9. Income achieved from commercial activity will be channelled back into delivering essential services as this remains our key focus. In addition to considering income, we can apply commercial principles to most council operations and must consider them when reviewing policy objectives and direction.
10. The more money we have the more we can do with it and risk is necessary to release the benefits of commercialisation. However, we are not the private sector. Our customers sometimes have no choice other than to use our services. We are managing public money that has been entrusted to us and we must do so wisely. We are often no more than custodians of the assets we own. These factors limit the level of risk we can take in the pursuit of income. Whilst willing to take risk, we will manage that risk so as not to jeopardise the services and opportunities we offer to Island citizens. Risk management will be proportionate to the magnitude of the risk and the adverse impact should it materialise.
11. All decisions that we take will place the residents of the Isle of Wight at the very forefront. At all times, securing valuable and meaningful outcomes for current and future generations is the basis of our decision-making.

Outline of the Review

CONTEXT

- Budget challenges over the next 3 years
 - Savings targets of £
 - Adopting a more business-like mind set
 - Developing and embedding entrepreneurial skills and acumen across the council
 - Identifying new business opportunities
 - Understanding what we spend and where and in what categories
 - Approach to council owned companies
 - Role in driving the Island's economy
 - Setting standards through contracts and procurement
 - Approach to apprenticeships and social enterprise
 - Responsible procurement approach
 - Devolution – opportunities to work with Town and Parish Councils
 - Approach to social value
12. At the heart of the delivery of this strategy is to continually foster an entrepreneurial spirit. The Council will, at all times, keep its values of being entrepreneurial both for commercial good and for the benefit of the Island as a whole. A vision and set of principles/values have been developed:

VISION:

13. The long-term vision for the Isle of Wight Council, as set out by this Commercial Strategy, is to work together with our community to support and sustain our economy, environment and people and in doing so to support the Council's ambition of financial self-sufficiency in closing the revenue gap. This will take time and collected effort to achieve but we are committed to this goal.

14. PRINCIPLES/VALUES OF OUR COMMERCIAL/ENTREPRENEURIAL APPROACH:

- Greater commercial awareness and agility in capitalising on opportunities
- Collaborative and partnership focus
- Long-term view – a commitment to creating life-long outcomes, and whilst in part will revolve around the principles of revenue, the overall focus will be on entrepreneurial decisions and behaviour that will benefit the communities of this Island both now and for generations to come.
- Financial sustainability - 'recycling' our resources to sustain a programme of commercial activity whilst maintaining resilience to any financial shocks and optimising the use of external funding to support activities.
- Becoming greener to reduce our carbon footprint
- Strive for innovation with a culture that continually learns
- Raising the level of commercial and entrepreneurial expertise across the council - developing new ideas through curiosity, inquiry, and discussion
- Focusing on community action and self-help as an Island as a whole - Identifying and developing new business opportunities that meet our communities needs and expectations will rely on the knowledge, networks, creativity and capability of everyone regardless of job or role - #TeamIWC
- Outcome-based informed decision making where the focus is placed on results based on evidence
- Becoming more technologically aware; making sure we understand the opportunities of the latest technology and how to use this to improve service delivery
- Focusing on the usage of information to ensure better analysis of the data we hold for decision-making
- Setting clear and realistic targets for the fully costed savings, efficiencies and income targets we expect from our programmes and projects.
- Community wealth building
- Accepting that the council will need to take risks to achieve commercial success

15. OUTCOMES

- Value for money
- Compliance – procurement and contracting
- Efficiency
- Open and transparent

- Accessible – making contracts more accessible by including suitable lot structures and or consortium bids.
- Community wealth building
- Enhanced reputation – the council as a good purchaser
- Revenue generating – ensuring returns from investing or trading are as expected.

<p>Q1 Scrutiny are asked for the views on the vision and principles/values and outcomes.</p>

DEFINITION

Commercialism

16. Commercialisation can be defined in a variety of ways and will mean different things to different organisations. Used in the context of this strategy we are referring to action.
17. Commercialisation is not just about generating an income; it is also redesigning how services can be delivered in a more commercially efficient manner. The Council define the term as a method and attitude categorised as:
18. Transforming the organisation to operate in a more efficient and effective way, making well informed and sound decisions regarding how public funds are used and invested
19. Ensuring the organisation's culture encourages an entrepreneurial mind-set impacting service delivery through supportive governance structures. Building a resilient workforce that is innovative, inquisitive and challenging the norm
20. Supporting service areas as a collective team to identify opportunities to deliver or move towards delivering services that are efficient, in a cost neutral or, where appropriate, income generating basis

Entrepreneurialism

21. To act commercially is underpinned by the behaviours in which we exhibit and cultivate as an organisation. This is entrepreneurialism – the unleashing of innovation through inquiry and mutually-shared goals, supported from all areas of the organisation.
22. Each member of staff can be an entrepreneur with the potential to change and positively impact service delivery through innovation and creativity. No innovation can occur without an individual who will push for change. Our desire is for our organisation to incite discovery, exploration and exploitation of new opportunities to do things differently.
23. As such, in equal parts, entrepreneurialism requires on-going buy-in and support from all forms of senior leadership to achieve these goals. It is an attitude which should be

present across the organisation – working together as a team collectively striving for shared goals.

Q2 Scrutiny are asked for the views on the definitions.

STRATEGY AIMS:

24. This section will set out in detail the strategic aims and will include:
 - Strategic aim describes what we will do to support the strategy.
 - Rationale explains why this is important and sets the context.
 - The activities will set out what we will need to do or put in place to achieve the aim.
25. The measures will describe how we will evaluate our work.
26. Aim 1: Entrepreneurially Empowered Workforce – Improving commercial leadership, awareness and competency
27. Rationale: At the core of the Council's commercial aspirations are its workforce. The first theme for commercialisation is to adopt – and support – a commercial/entrepreneurial mindset with regards to service delivery and function. This mindset will be supported through proactive leadership and governance to allow staff to think freely, creatively and be innovative with ideas and solutions.
28. We will achieve this by:
 - Delivering a municipal entrepreneurialism training programme to help develop and support knowledge, skills and behaviours within the council.
 - Creating staff forums to support staff, design and deliver projects, drive savings and pursue revenue opportunities.
 - Support skills development with development of specific workshops e.g. business case development; specification writing.
 - Supporting and working with councillors to fully consider commercial implications of decisions.
29. How will we know we have been successful?
 - Training programme delivered – monitor feedback
 - Identify all staff involved in commercial activity and set up support forum
30. Aim 2: Developing innovation, income generation, trading opportunities and driving savings
31. Rationale: We remain committed to sustainably funding high quality service delivery. An imperative of this approach is innovation, income generation and new trading opportunities which all have the potential to fund or support activities and services.
32. We will achieve this by:
 - Maximising return on our assets
 - Developing a council wide approach to identifying, prioritising and pursuing income generation activities

- Adopting an approach of full cost recovery for discretionary services
 - Understanding the true costs of our services through greater data intelligence, analysis and reporting
 - Developing the entrepreneurial acumen of staff across the council.
 - Investing
33. How will we know if we have been successful?
- Income generation approach used to prioritise and pursue appropriate income generation opportunities
34. Aim 3: Community Wealth Building, collaboration and building strong partnerships
35. Rationale: The Isle of Wight Council will take a place-based approach to local economic development. At the very heart of all commercially based decisions that we make is providing good outcomes for residents of the Island. The Council will use its position and powers as a local authority to be entrepreneurial and deliver outcomes which will directly and positively benefit the Island.
36. The Council has long-standing ambitions to support the Island's population and business base. Additionally, the Council will look outwardly to its partners in both the public and private realms for support and guidance where necessary.
37. We will achieve this by
- Understanding stakeholders and suppliers, and identifying opportunities to work together
 - Engage with other public sector organisations
 - Procurement and contract processes which enable local wealth creation and consider social value
38. How will we know we have been successful?
- Collaborate with partners on commissioning and procurement of projects, monitoring measurable benefits and lessons learned to enable continuous improvement
 - We will have successful collaborations
 - Local communities will benefit from wealth creation and distribution of wealth
39. Aim 4: Commercial thinking as part of a whole spending and lifecycle – linking with our net zero ambitions
40. Rationale: A key dependency to all decisions that we make towards commercial aspirations will consider our commitment to tackling climate change. Every decision taken must have regard to the need to reduce the Council's and the Island's carbon footprint.
41. We are putting carbon literacy at the forefront of our upskilling programmes. The Council will be proactive in prioritising low carbon opportunities, especially in the delivery of our services.

42. This approach will be adopted across three key areas:
- Business case creation
 - Outcome based, proportional and best practice tendering
 - Ongoing contract delivery management
43. We will achieve this aim by:
- Developing and delivering contract management and procurement approaches across the council.
 - Communicating clearly and effectively with suppliers
44. How will we know we have been successful?
- Contract management and procurement approach used by relevant services across the council and routinely review its effectiveness
 - More and better targeted engagement with existing and potential suppliers
 - The council's knowledge will increase

Q3 Scrutiny are asked for the views on the strategic aims