

# Public Accounts Select Committee Agenda

Wednesday, 28 June 2017

**7.15 pm,**

Council Chamber followed by committee room 3

Civic Suite

Lewisham Town Hall

London SE6 4RU

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## Part 1

Item	Pages
6. Income generation and commercialisation	1 - 14

# Public Accounts Select Committee Members

Members of the committee, listed below, are summoned to attend the meeting to be held on Wednesday, 28 June 2017.

Barry Quirk, Chief Executive  
Tuesday, 20 June 2017

Councillor Maja Hilton (Chair)	
Councillor Chris Barnham (Vice-Chair)	
Councillor Brenda Dacres	
Councillor Amanda De Ryk	
Councillor Carl Handley	
Councillor Simon Hooks	
Councillor Mark Ingleby	
Councillor Roy Kennedy	
Councillor Sophie McGeevor	
Councillor Alan Hall (ex-Officio)	
Councillor Gareth Siddorn (ex-Officio)	

<b>Public Accounts Select Committee</b>			
Title	Income Generation and Commercialisation – Update		
Contributor	Head of Financial Services	Item 6 – supplementary	
Class	Part 1 (open)	28 June 2017	

## REASONS FOR LATENESS AND URGENCY

It has not been possible to give five clear working days between the despatch of this paper and date of the meeting.

**Lateness:** This report is late in order for officers to have taken full view of the recent discussions at the Income Generation Board and in considering discussions held with the Chief Executive and the Executive Director for Resources and Regeneration.

**Urgency:** Given that this first main meeting of this municipal year, this report provides an update to this committee given its review into income generating activity for the council.

### 1. **Summary and Purpose of the Report**

- 1.1 To update the Public Accounts Select Committee on the progress being made on activities around income generation and commercialisation since the conclusion of the income generation review in October 2015.

### 2. **Recommendations**

- 2.1 The Public Accounts Select Committee is recommended to:
- 2.1.1 Note the contents of this report, making reference to the elements of income generating activity which has contributed to enable this Council to set a balanced budget over recent years.
- 2.1.2 Note the timings to create three posts which are designed to provide the capacity needed for operational and strategic procurement and contract management activities. This will re-establish the foundation needed to make an informed and meaningful assessment of the approach to be taken to build the authority’s commercial capability.
- 2.1.3 Note the content of the consultant’s review. The outcome of this review on income generating opportunities for Lewisham. The review has been noted by this committee previously, but for information a summary of the themes arising from the review and its recommendations have been set out at Appendix 1.

### 3. **Background and the story so far**

- 3.1 On the 10<sup>th</sup> March 2015, the Public Accounts Select Committee received a scoping paper setting out the rationale for the in-depth review into income generation and providing some background information on the current situation within Lewisham and some proposed terms of

reference for the review. At the time, the committee stated that it wished to commence an in-depth review which would provide some focus on maximising income generation for the local authority.

- 3.2 The committee requested that there be three evidence sessions: the first of which would highlight good practice from other councils or public bodies; the second would expand on this and hear from expert witnesses in other councils and public bodies and the third and final session would look at current proposals in Lewisham.
- 3.3 The purpose of this paper is to update members of this committee on the latest position with income generation for the local authority. This particular paper covers:
- An update on the key areas and leads which have been explored over the course of the last two years;
  - A re-statement of the outcomes of the consultants' review into income generating activities opportunities for Lewisham. This has been attached at Appendix 1;
  - The policy context;
  - Proposals to create three key posts initially for a period of 18 months to strengthen procurement and contract management and provide the income generation and 'commercial lead' for Lewisham;
  - An update on how this work links with the organisational and cultural change programme currently being developed by the Council.

#### **4. Policy Context**

- 4.1 Over the course of the last six years, the council has undertaken a significant revenue budget reduction programme to manage the difficult financial challenge it has been faced with. In the period from 2010/11 to 2016/17 the Council has identified and delivered revenue budget savings of some £138m.
- 4.2 The Lewisham Future Programme Board (LFPB) was established to transform the way in which Council services are delivered by 2020. The LFPB manages delivery of these changes and has worked with Heads of Service and officers across the Council to develop options to be considered at Mayor & Cabinet and Council. The work to date has focused on developing a range of options via 18 service and cross-cutting based reviews, each led by a Head of Service.
- 4.3 The LFPB continues to assess, challenge and support work strand leads bringing forward a range of possible revenue budget savings options. The focus since the budget in February 2017 has been on targeting circa £44m of new savings proposals (£10.4m for 2017/18, £22.3m for 2018/19 and £11.1m for 2019/20). Members will have already noted that contained within this has been a focus on generating higher levels of sustainable income.
- 4.4 To this end, various proposals have been and continue to be pursued by council officers as part of the LFPB income generation strategy. Those proposals previously agreed in earlier budget rounds and delivered as part of the programme include:
- Increasing the amount of Council tax collected
  - Generating more income from School Service Level Agreements

- Maximising investment income
- Increasing income from advertising
- Reviewing fees and charges with a view to increasing income

4.5 In November 2015, Mayor and Cabinet considered the income generating recommendations developed by the Public Accounts Select Committee. To recap, these recommendations and proposals included:

- *To identify and appoint a partner to deliver income through a wireless concession*
- *That a commercialisation ethos be endorsed and embedded throughout the Council*
- *To appoint a commercialisation specialist at Senior Officer Level*
- *That the portfolio of one cabinet post be amended to include specific responsibility and accountability for commercialisation and income generation*
- *That support for staff be embedded in any process or culture change within the Council*
- *That all Heads of Service be engaged in the process of moving to an increasingly commercial culture and in identifying income streams*
- *That in addition to a “top down” approach to identifying commercial strategies and income streams, a “bottom up” approach be encouraged for front line staff to report areas where they feel fee levels are wrong and to identify new areas of potential income streams. A platform for staff to do this should be created with clear feedback provided.*
- *That the true costs of Council services be understood*
- *That any restructures within the Council ensure the right grade of staff for the work.*

4.6 Since these recommendations were agreed as a result of this committee’s review, officers continue to make progress on these and this report provides members with a few specific examples of the progress which has been made. Officers will be able to expand further on these during the discussion at the meeting.

## **5. Income Generating Activity**

5.1 The following section is subdivided into two broad elements. Firstly, it provides a statement on the increased income generating activity has already made a significant contribution to the revenue budget savings process in the council over recent years. Secondly, it provides an update on the current progress with the projects of income generating activity being explored and most specifically about officers’ proposals and its action plan to create senior management capacity in the organisation to support procurement, contract management and income generating activity, whilst providing the platform for an improved commercial approach to delivering our services.

### **The contribution of increased income generation to agreed savings**

5.2 Each of the LFPB savings has been designated to particular strands. To date, there has been a number of revenue savings achieved through increased levels of income generation and this has come as a result of the work developed by this committee and the key message continues

to be spread more widely throughout the organisation in that our ability to generate higher levels of income will in turn alleviate the pressure of making cuts to services.

- 5.3 It has been made clear that sustainable income generating activities have supported the council in being able to set a balanced budget over these years. For instance, in the 2015/16, there was a total £3.12m of income generation targets to be achieved over three years with an additional £4.8m agreed as part of the 2016/17 and 2017/18 budget setting process. Currently, there is a further £3.4m of income generation targets in development which are set to be included within the 2018/19 and 2019/20 budgets.
- 5.4 It is important to note that not all the income has yet been fully realised, but given that have been formally agreed and endorsed by full council, it is essential that officers continue to actively progress their implementation.

#### Current progress

##### 5.5 Advertising Income (Large Format)

- 5.5.1 A sustainable income target of £300k per annum had originally been agreed through increased revenue advertising.
- 5.5.2 Members will recall that the council previously commissioned Wildstone Media Consulting Ltd to undertake an advertising appraisal identifying 46 sites across the borough which could possibly generate £281k of increased revenue. After further assessment from the council's estates management department, a large number of the sites were excluded. This was mainly due to sites being misidentified as council owned within the initial advertising appraisal by the company.
- 5.5.3 The council identified four key sites where large format digital advertising could raise additional and sustainable revenue. The four sites (two in Lewisham and two in Catford) are expected to generate between £100k to £200k (pro-rata) per annum.
- 5.5.4 Of these four sites further due diligence is being undertaken for those in Catford to ensure that the granting of a minimum 10 year lease for these sites will not cut across the wider regeneration ambitions for the area and the South Circular. This may further reduce the number of sites available, and therefore the total income achieved.
- 5.5.5 Furthermore, the council currently receives income of circa £30k for some existing large format advertising on two of the identified sites. The contract for these structures has expired, but this current income will need to be offset through any new income made.
- 5.5.6 It should be noted that to deliver the savings target aligned to this element of income generating activity, planning permission will be required for all sites and will therefore require support from the Strategic Planning Committee with regards to the application of planning policy. Furthermore, this will all need to be considered in the context of re-development activity taking place within the borough.

##### 5.6 Business Intelligence Data

- 5.6.1 The council has seen a year on year increase in its tax base by since 2014/15. This is being driven by the additional properties now on the valuation list. Furthermore, this will continue to rise with the Mayor's commitment to build 500 new homes by the end of 2018, as well as those new homes which will be built as part of the council's regeneration programme which includes Catford and Ladywell. Developer led schemes such as Lewisham Gateway, Catford Green Convoys Wharf etc., will continue to increase this tax base.

- 5.6.2 To build upon the existing tax base, the council has looked at acquiring a transactional based business intelligence system to increase their income. The Council has previously worked with DataTank, who use Experian data to identify cases where the council may be granting single person discount where it is no longer applicable. Once these cases are identified, letters are sent out requesting the resident re-confirm their status. Then where applicable the discount is claimed back to the beginning of the current financial year. This process is undertaken every three years and in 2013, the annual recoverable amount increased by £750k.
- 5.6.3 The London Borough of Hammersmith & Fulham has recently developed a system that uses both external data and council held data to identify income opportunities in particular areas. This system will help identify false single person discount claims, additional new homes bonus opportunities and additional properties which should be on the council tax register.
- 5.6.4 The council has recently signed a contract to engage these services from the London Borough of Hammersmith & Fulham. Potential annual revenues are expected to in the region of £500k. Officers will continue to update members on progress in due course.

#### 5.7 Schools' Traded Services

- 5.7.1 The schools' traded services review undertaken in May 2016 estimated that annual turnover is in the region of £4.9m, via a range of services sold to schools. Overall, services are traded from three directorates involving nine Heads of Service and twenty-six business units. The review concluded that information on service charges should be in one place, and discretionary services should recover costs, or provide a business case for any subsidies.
- 5.7.2 There is a contextual background to schools traded services which members will need to note. Schools' funding reforms are driving increased transparency in relation to the use of Dedicated Schools Grant (DSG). DSG funding previously retained by the authority is planned to be replaced by a reduced central schools block. In addition, the government has announced the ending of the Education Services Grant. This reduction in revenue to the council will put even greater pressure on already reducing resources and it may no longer be viable to provide what can be deemed as discretionary services to schools as interdependent statutory services reduce.
- 5.7.3 Initial modelling of the impact of a national funding formula for schools suggests that, even with transitional protection, Lewisham schools will face financial challenges.

#### 5.8 Wireless Concession

- 5.8.1 A key recommendation from the committee's in-depth review was to appoint a partner to develop a wireless concession and or small cell network across the borough, the benefit being to increase Wifi coverage and speeds for residents and those visiting the borough.
- 5.8.2 The council have since partnered with Shared Access (SA) Ltd, who is currently running a pilot scheme for the council to gain greater clarity of the market appetite for a network within Lewisham. This pilot scheme gives the company no exclusivity across the council's asset portfolio.
- 5.8.3 SA Limited has been set the target of identifying and delivering, as a minimum 10 sites across the borough within this financial year, where each of these sites will be host to two small cell antennae. The expected revenue from these sites for this financial year would be in the region of £50k of sustainable income.

5.8.4 At this current time, the company is marketing the council's sites to the mobile operators to stimulate the market and generate further interest. Both the council's and the company's legal team are also finalising the standard lease agreement that will be used for each site.

#### 5.9 Fees and Charges

5.9.1 There has been a review of fees and charges for some regeneration and customer services related activities to ensure that they fully recover costs. Officers now have a complete and up to date database of fees and charges activity across the council. What is being developed now, is a consistent cost modelling approach. This continues to move forward, however due to capacity issues in the organisation, progress has been slow. Therefore, at this stage, it is not yet possible to be clear on how much additional income may be secured simply by ensuring full cost recovery.

#### 5.10 In Summary

5.10.1 It is important to re-iterate that a significantly growing proportion of the 'savings' being delivered as part of the budget process each year, stem from income generating and commercial activity from across the authority.

### **6. Progress on the plan of action**

6.1 Following the themes set out within the consultancy report (of which a summary of the themes and recommendations are attached at Appendix 1), the Income Generation Board has developed an action plan taking on board a number of the recommendations from this committee and the consultant's report. A full time line for the action plan is attached at Appendix 2.

6.2 It was recognised when drawing up these recommendations that we would be asking people throughout the organisation to become actively mindful of the financial and commercial aspects of their work, which requires a change in behaviour and the way in which officers think and act which engaging in financial related activities. Therefore, some organisation development activity will be needed to take this change forward into the next few years. This seeks to encompass those desired behaviours of all across the council and to be led from the top. It will integrate with other changes to the way we do things, such as the move to 'thinking digital' as reflected in the digital initiatives and which will require differences to the way our people work and are led.

6.3 The Service Transformation and Digital Board asked the Human Resources team to lead a review of the core skills required by managers across the council. An exercise has been undertaken with a small group of Heads of Service to review these requirements. As a result, procurement, contracting, and contract management will form part of the management development programme. Consideration is currently be given to the relative priority of the design and content of the programme. The Service Transformation and Digital Board is expected to agree a proposal in July 2017. The programme will commence implementation in September 2017.

#### Leadership and Accountability

6.4 Officers have drawn up and are in the process of refining a job description and person specification for an 18 month secondment to the post of 'Procurement and Commercial Services Lead'. Initially, this will be advertised internally to grow and develop talent from within the organisation.

6.5 Once appointed, the post-holder will be tasked with seconding two roles for 12 months to create the core team. Each role will be designed to have a different focus, one with a procurement and



contracts management focus and the other focusing more on income generation and commercialisation.

- 6.6 The lead commercial manager post will work with the Human Resources department to create a new thematic structure to encourage cross directorate working and information sharing as best practice.

#### *Vision and Strategy*

- 6.7 Develop a commercial strategy and vision for the Council. This should include clear robust targets, which will then seek Mayor & Cabinet for approval; development of an effective communications strategy to ensure that stakeholders across the council are informed of commercial developments through appropriate communication channels; ensure that the procurement and commercial manager sets out clear deliverables for the new commercial team within the first six months. These are to be agreed at the Executive Management Team level and by the Lewisham Future Programme Board.

#### *Modelling and Best Practice*

- 6.8 The Procurement and Commercial Services Lead, with support from the commercial services team, will organise challenge sessions with Service Group Managers to help identify commercial opportunities within the services and help to delivering a more commercial ethos; the post-holder will regularly attend departmental management team meetings to discuss current and future areas of focus across directorates; the post-holder will also sit and contribute to relevant boards across the council including, but not limited to the Lewisham Future Programme Board, Income Generation Board, Contracts and Procurement Board and the Digital Transformation Board.
- 6.9 It is expected that the commercial services team to develop close working relationships with both the Digital transformation team, as well as helping develop a more joined up approach between contracts management and current and future systems.

#### *Culture and Community*

- 6.10 The Human Resources department and Commercial Team to develop the 'culture' so there is a clear and detailed 'to be' point for the council in terms of behaviour and thinking; to ensure there is timely open and transparent communication with regards to any commercial and cultural changes being undertaken by the council; identify and propose 'commercial champions' across each directorate to help in delivering the commercial strategy and driving the change process; to develop and deliver a change programme based on an initial core skills review and identifying of the baseline skills required for the management team to deliver the commercial and cultural change that thinking and acting commercially will bring to the future; aligning directorate principles to ensure the commercial targets set by the council are being driven forwards by all of the management team.

### **7. Financial implications**

- 7.1 There are no specific financial implications directly arising from agreeing the recommendations to this report. However, members should note that the agreement to create three fixed term posts for up to an 18 month period will require a sum a sum of £350k to be set aside. It is anticipated that this will be funded from corporate reserves.

### **8. Legal Implications**

- 8.1 There are no specific legal implications arising from the report.

**9. Crime and Disorder, Environmental and Equalities Implications**

9.1 There are no crime and disorder, environmental or equalities implications relevant to this report.

**BACKGROUND PAPERS AND APPENDICES**

<b>Short Title of Report</b>	<b>Date</b>	<b>Location</b>	<b>Contact</b>
Income Generation Review (Scope and Sessions 1, 2 & 3)	10 <sup>th</sup> March 2015, 14 <sup>th</sup> April 2015, 14 <sup>th</sup> July 2015, 29 <sup>th</sup> September 2015 (Public Accounts Committee)	5 <sup>th</sup> Floor Laurence House	Selwyn Thompson

For further information on this report, please contact:

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## **APPENDIX 1 – A recap on the consultant’s review into income generating activities opportunities for Lewisham**

- 1 Plans to recruit a specialist in commercialisation were put in place. However, following initial recruitment activity in late spring 2016, the need to be clearer on the requirements of the role was identified. Please note, an update on the action to create a commercial lead and associated post is set out in the main report.
- 2 Interim plans were developed including the appointment of a consultant to work with officers to understand better the current internal context and readiness for change, and specifically to:
  - map and analyse detailed information on the range and effectiveness of current income generation activity together with associated structures and behaviours
  - identify relevant local and national policy relating to income generation and commercialisation and any other strategic developments and initiatives that may impact on future activity
  - work with officers to identify opportunities for income generation together with the enablers and barriers that might exist to realise the potential benefits
  - to undertake an environmental scan to ensure that best practice from other local authorities and public bodies are considered in the context developing the council’s income generation and commercial strategies.
- 3 Officers commissioned a consultant to undertake this work. The short piece of work was planned to be delivered by July 2016 however, following an initial document review it was recognised that more detailed engagement with key officers was required to develop a clearer map of current income generation activities together with existing enablers that support income generation and barriers faced. A series of one to one interviews were planned with all but one Head of Service, Group Services Managers and key project leads for current income earning projects. Officer availability, reflective of the current capacity issues, meant that engagement was spread over a three month period, impacting on the initial project timeline.
- 4 A high level summary of the consultant’s review is attached at Appendix 1. This goes further in developing the recommendations established by this committee in autumn 2015 and provides the foundation to build a commercial and enterprising culture for the authority.
- 5 Following a presentation to this Committee of the interim report in July 2016, this final report encapsulates those discussions into one document. By way of headlines, the report sets recommendations into four main categories:
  - *Vision and Strategy*
  - *Leadership and accountability*
  - *Modelling and best practice*

- *Culture and communication*

6 The summary of the consultant's review has previously been circulated to members of the committee. The key themes are set out in the following paragraphs along with the report's final recommendations.

### **Consultant's review – key themes**

#### 7 *Vision and Strategy*

- 7.1 A major hindrance to the council embedding a commercial ethos, is lack of clearly defined commercial strategy.
- 7.1 Given the lack of a clear strategy, there is also a lack of understanding around 'commercialisation'. During the officer engagement, it was found that commercialisation is often seen purely as mirroring the private sector. Furthermore, there was concern in the investment currently being made in commercialisation where 80% of the council's duties are statutory.
- 7.2 It would appear as though there is a conflict between the current vision of the Council and how income generation and commercialisation fits within this vision. Furthermore, there is a definite need to improve the general understanding of what it means to be commercial within the public sector.
- 7.3 The current focus of the income generation programme seems to be predominantly on cost reduction or income management. Similarly 'fees and charges' work is aimed at full cost recovery ensuring services are sustainable.
- 7.4 Where the council wishes to make actual net profit to offset the level of savings required, there is need to set up separate trading companies. These although beneficial, come with a multitude of risks such as reputational and financial risk.
- 7.5 There is a focus on '*enterprise to reduce costs, developing better understanding of the market (i.e. customers/ residents) in terms of needs and expectations and delivering value, in the form of social and financial benefit*'. This intertwines the focus of income generation with the assurance of delivering social value.
- 7.6 The commercial strategy and vision should be developed and agreed at a political level so that there is a clear remit to officers when undertaking income generation and more commercial activity. This would then help develop officers understanding of what commercialisation means to the council and how it should develop. Moreover, it would give a clear direction for both future income generation and procurement and commissioning activity.

#### 8 *Culture and Community*

- 8.1 Currently, there is significant existing pressure on officer time and resources. Additionally, specialist skills needed to support service design are in short supply. This means that for large scale developments often external resources are commissioned. Critical to a cultural change programme is investment in people and as such there should be a consideration to developing a training programme for service managers. This would provide the skills necessary to help embed a more commercial ethos across the council.
- 8.2 Currently, corporate financial and information management systems are not designed to easily or effectively inform or track income generation activities. Similarly, there are no standard processes or templates to fully facilitate officers in commercial ways of working. This can lead to

difficulties in getting a good understanding of current service demand as well as an understanding of the market services operate within.

- 8.3 Over the past three years, the council has begun to take a more commercial outlook across services. It is acknowledged by the consultant's review that there are excellent examples of service leadership resulting in increased income. It is crucial that these skills are being fully utilised and are directed into the areas with the highest need.
- 8.4 Many of the services currently provided by the council cannot statutorily generate a profit and thus the council can only fully recover their costs. This means that income generation cannot be used to reduce the level of saving necessary, unless a fee or charging based service is not fully covering its costs. There is a clear emphasis on ensuring services use a robust costing model and have a good understanding of full cost recovery.
- 8.5 Similar to many local authorities, the council commissions a large proportion of their services. Based on the 2016/17 budgets, it is estimated 75% of the council's services and supplies are provided by external suppliers. There are some significant opportunities to how we propose to strengthen our clienting arrangements for such contracts.
- 8.6 Given the amount the council spends on commissioning services, it is a fair assumption that a proportional amount of officer time is spent on both procurement and commissioning of contracts. This is likely to be the largest commercial element of officers' roles across the services. Currently, the council has a devolved procurement and commissioning function with pockets of expertise across the council.

## 9 Leadership and Accountability

- 9.1 Current strategic leadership arrangements are the responsibility of the LFPB. Recently, there has also been a revitalisation of what was previously the 'fees and charges' working group. Furthermore, the Income Generation Board convenes each month. This consists of Heads of Service from across the council.
- 9.2 Having redrafted the terms of reference, it is note that these should include a corporate gateway process for any new income generating developments, to ensure that council resources are being used as efficiently as possible to deliver best value for money.
- 9.3 During the consultant's review, a perceived lack of access to procurement and contract management capacity, skills and expertise was highlighted as challenging by a number of Heads of Service. Recent budget cuts have resulted in loss of capacity in these areas. As with effective income generation, commercial skills, knowledge and expertise are at the heart of effective procurement and contract management. A number of authorities have brought these functions together to maximise efficiencies and effectiveness.

## 10 Modelling and best Practice

- 10.1 Historically a number of best practice initiatives have been created by the Council to enhance officer's commercial awareness and acumen. A few years ago, there was a creation of a full cost recovery calculator to help service managers think more about the full cost of their service. In 2015, the income generation strategy and guideline was agreed by Mayor & Cabinet. Due to lack of resources and a formal roll out, both initiatives unfortunately did not create the benefits originally anticipated.
- 10.2 Currently, there is dispersed leadership and management of income generation activity. Furthermore, there are no actively used corporate costing or pricing policies. Research from

other authorities has found that having these in place often provides greater assurance and helps manage risk. Officers equally identified that there is a need for a suite of documents, software packages and guidance, whilst being mindful processes are proportionate to risk and return.

- 10.3 A crucial tool in understanding markets is benchmarking. The level of benchmarking across council services varies. In some areas it can be problematic to attain suitable data, especially given the reduction in local government reporting requirements. However, services should where possible ensure there is active benchmarking being undertaken.
- 10.4 There is a significant opportunity to integrate a focus on income generation and commerciality within the digital transformation programme. Good systems are key to facilitating commercial processes and talent within the council. Investment in integrated data systems creates a firm foundation for the council to build a more commercial infrastructure.
- 10.5 Where services are being commissioned, the only way costs can be reduced is through effective and diligent contract management. When the new Public Contract Regulation 2015 was published, the council updated all standard templates and guidance for officers. Currently, there is no specialist expertise within the council. Given the high level of external spend, reducing third party expenditure by a small margin could help realise large cost savings to the council.
- 10.6 It is crucial that where services are competing with the private sector and or procuring their services, that they have a clear understanding of the market. This means that in depth market testing, planning and appraisal should be undertaken. There is also a need to understand how the service is performing currently. This requires good transactional data to facilitate useful analysis. Currently, the council does not have systems in place to produce this kind of data.

## 11 **Summary of Consultant's recommendations**

These are in summary:

- 11.1 The Council to set-out an agreed definition of 'commercialisation' with the development of a commercialisation strategy aligning with the wider vision.
- 11.2 Investment in income generation activities should be prioritised to make best use of limited leadership and technical resource. It is recommended that the Council prioritise those need low levels of investment.
- 11.3 The Terms of Reference of the Income Generation Board to encompass a corporate 'gateway process' for business case developments related to income generation.
- 11.4 To bring together the strategic leadership of procurement management, contract management and income generation into a Procurement and Commercial Services role.
- 11.5 Refresh the income generation strategy to be aligned with the development of the proposed commercial strategy. This should include consultation with Heads of Service.
- 11.6 The following Guidance and documents to be produced and used by service managers:
- *Guidance, templates and mandated costing methodology*
  - *Refreshing of pricing policies*
  - *Identification of benchmarking data*

- 11.7 Digitalisation programme to consider specific needs of income generation and commercialisation programme;
- 11.8 A programme of networking, knowledge exchange and partnership working on issues of income generation and commercialisation should be developed with Lewisham's CIPFA nearest neighbours;
- 11.9 A change programme should be developed to support the delivery of the Council's commercial strategy;
- 11.10 Investment should be made into both systems and people in the form of templates, models, guidance notes and digital solutions;
- 11.11 Wherever possible staff should be involved in both the development of strategy and procurement or piloting of resources;
- 11.12 Continue to use existing officer and staff forums to facilitate knowledge exchange and collective capacity building. Regular updates should be made through existing council communication channels.

## Appendix 2: Income Generation Action Plan Time Line

		2017							2018										
Strand	Actions	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
<b>Leadership and Accountability</b>	Second Procurement and Commercial Services Lead																		
	Appoint two supporting roles officers, each having a specific focus																		
	Set out thematic structure																		
<b>Visions and Strategy</b>	Write and propose the strategic procurement and commercial strategy																		
	Set clear deliverables for commercial team																		
<b>Modelling and best practice</b>	Run regular challenge sessions with SMGs																		
	Procurement and Commercial Services Lead to attend DMTs																		
	Procurement and Commercial Services Lead to sit on Boards across the Council																		
	Joined up approach between systems and Procurement																		
<b>Culture and Communication</b>	Development of Culture 2020																		
	Identify and propose Commercial champions																		
	Core Skills review																		
	Directorate Skills alignment																		