



**Commercialisation and culture change: London Borough of Lewisham and London Borough of Waltham Forest
Lewisham Council, 13 January 2020**

Overview

Councillors Krupski and Codd attended a 'Westminster Briefing' at which John Hubbard gave a presentation about the approach to commercialisation taken by the London Borough of Waltham Forest. As a result – an invitation was extended to officers from Waltham Forest to meet with Members of Lewisham's Public Accounts Select Committee – as part of the evidence gathering for the Committee's in-depth review of commercialisation and culture change. The meeting took place in LB Lewisham on Monday 13 January in Lewisham.

Attendees

London Borough of Lewisham

Councillor Jim Mallory, Chair of the Public Accounts Committee

Councillor Louise Krupski, Vice-Chair of the Public Accounts Committee

Councillor Patrick Codd

Councillor Joan Millbank

Councillor James Rathbone

Timothy Andrew (Scrutiny Manager)

Sunil Shahaney (Income Generation and Commercial Services Manager)

London Borough of Waltham Forest

John Hubbard (Director of Commercial and Innovation)

Richard Holland (Assistant Director of Technology Innovation)

Following introductions and an overview of the work being carried out by Lewisham's Public Accounts Select Committee there was a discussion (from 1pm – 2pm) based on the Committee's key lines of enquiry (as follows):

Key lines of enquiry for Lewisham's in-depth scrutiny review

Key line of enquiry 1: creating a workable, vibrant and positive commercial culture

Key questions:

- How can we instil a more commercial mind-set throughout the Council?
- How will the Council encourage and provide the structures necessary for officers at any level to instigate new ideas?
- How will the Council take more of a collective responsibility and lessen any blame culture so that officers have the freedom to act?
- Are there any corporate structures in place that could be hindering this kind of work? If so how should they be changed?

- How do we create a culture where risk is talked about openly and candidly for courageous ideas to be brought forward?
- How do we use the generation of income itself to motivate officers? Do we allow departments to keep back generated income for further innovative projects or does all the income come back centrally?
- How does the Council breed a culture of understanding among officers and members that this is positive change and done for the very best possible reasons and outcomes?
- Are the structures in place to do good constructive performance management of projects?

Key line of enquiry 2: training and development for officers and members

Key questions:

- Does the Council have officers with the right skills and training to do this work? If not, how can a training programme be put in place and what are the resource implications of this?
- Do officers have enough time? How will projects be organised so that the every-day work of the Council is not adversely affected.

Key findings

1. The borough of Waltham Forest has some similar opportunities to Lewisham and it faces some of the same challenges.
2. Waltham Forest has taken an approach to commercialisation that focuses on the strengths of its existing services.
3. A culture of innovation at the Council has been encouraged by building on successes and learning from failures.
4. The Council's commercial vehicle draws on expertise from the Council but it has its own processes and structures. It is free to innovate and adapt to the market.
5. The 'Service Store' brand builds on the backing of the Council but it is distinct enough to enable innovation.
6. The early successes of the Council's commercial activities have given officers the impetus to change processes and to explore opportunities for digital advances.
7. The Council is ambitious and outward facing in its approach to commercialisation.

Findings

1. These are some of the key points raised at the meeting. This is not intended to represent a comprehensive record of the discussions. Additional material has been included from documents referred to at the meeting.

Determining the opportunities

'What do we do well..? That's where we are going to enter the market.'

Officers from LB Waltham Forest

2. Waltham Forest is:
 - A borough of high population growth;
 - A predominantly residential borough with one of the smallest economies in London;
 - Seeing strong business growth in recent years – focused in small businesses (which has had a lesser impact on jobs growth);
 - A young borough – with more children and working age residents than the UK average. However, the population is increasingly ageing;
 - Increasingly diverse, without a single majority group;
 - Experiencing a high level of population churn from people moving into and out of the borough;
 - Facing ongoing uncertainty from regional and national changes in policy;
 - Ranked as the 35th most deprived local authority in England (of 326) in 2015.
3. As with all local authorities, the London Borough of Waltham Forest has experienced years of sustained financial pressures. In order to mitigate the combined impact of: government cuts to its core funding; increases in demand (due to growth, demographic changes and pressures on social care) as well as the requirement for cost savings, the Council identified a number of areas of strength in which it sought to commercialise services.
4. The Council's approach to commercialisation was supported by a change programme – with a dedicated website and roadshows for officers to contribute ideas. The transformation programme included a number of problem solving workshops as well as projects for exploring opportunities for innovation. Officers recognised that there were skills within the Council and that these could be utilised if people were given space to innovate.
5. The importance of leadership for the change programme was acknowledged – as were the efforts of key individuals - but the importance of practical support for people in services was emphasised as an important factor for driving innovation.
6. Focusing on a recognised area of demand and existing strengths, the Council's journey into commercialisation began with the set up of a commercially focused handyman service - in coordination with adult social care services.

7. The early success of commercial activities provided proof of concept for the Council's commercial approach and early failures were used as opportunities to learn.
8. One of the key things officers had to learn – was the importance of determining when to stop doing things that were not working well.
9. It was recognised early on that the Council's services could not be the cheapest provider of services – however – the Council has a persistent presence in the borough and relationships with key partners which it recognises as a strength.
10. Waltham Forest's commercial activities are supported by robust business cases – however there is a recognition that some projects will save time rather than money in the first instance.
11. Internal funding was made available in 2016 to set up a separate trading company to develop and expand the Council's commercial activities.



12. The external company (Waltham Forest Services Ltd) is wholly owned by the Council and incorporates a commercial trading arm in compliance with the TECKAL regulations.
13. The company utilises independent accountants who use an external accounting platform (QuickBooks) to manage the company's accounts (it was noted that the company's accounts are audited with the Council's and are compliant with all of the relevant regulations).
14. The company buys some legal services and payroll functions from the Council (its structure meant that some services had to be purchased from the Council) but the company has a clear plan to move away from Council platforms – including the Council's website and systems for invoicing. It uses an external human resources provider.
15. Any profits from the company are returned to the Council's general fund.
16. All parties in Waltham Forest recognise the importance of getting the governance for the company right. The board of the company is currently comprised of council employees

and it reports to a subcommittee of the executive. There are no councillors on the company board.

17. The company develops its annual business plan in consultation with senior Council officers. The plan is presented to the shareholder committee (a subcommittee of the Executive) for agreement. The Council is the sole company shareholder.

18. The company has a social value approach that focuses on hiring locally and buying in favour of local communities. Specifically, it works with a local organisation that finds employment for people who are long term unemployed. Nonetheless, the company is able to achieve efficiencies by employing people directly (as opposed to relying on Council employment).

‘People like doing business with the Council because we aren’t going anywhere.’
Officers from LB Waltham Forest

Enterprising Council: Bringing it together Council wide

- Innovation Programme**
Developing innovative ideas to meet challenges linked to Creating Future themes.
- Enterprising Culture**
A work force empowered and enabled to innovate.
- Enterprising Communities**
Forging new relationships with local business and resident communities. Council as an innovator and facilitator.
- Enterprising Enablers**
Building an infrastructure, which is flexible and responsive and enables an enterprising culture.
- Commercial Programme**
Building on commercial success with Operations Centre, Commercial Waste, Grimebusters, Land Charges Advisory Service, Young People, Digital Wetlands.

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Embracing innovation

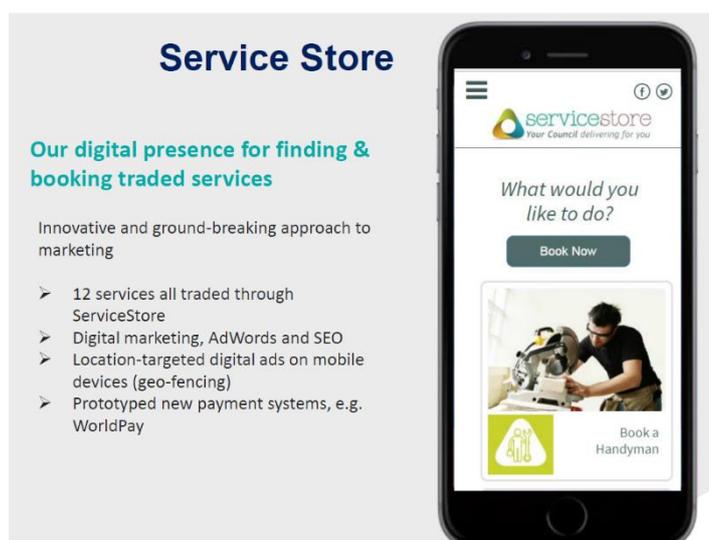
19. Innovation by the Council’s commercial arm is being bolstered by a progressive approach to the use of digital systems.

20. The ‘Service Store’ branding and marketing builds on the reliability of the Council with a separate user friendly digital interface. It also enables the development of future projects for commercialisation of Council services with a tried and tested approach.

21. The Council's approach to commercialisation and innovation has also provided opportunities for the development of new projects.

22. One pertinent example is the collaboration brokered by the Council between a group of local students and Amazon web services. Through a process of trials, pilots and some missteps the Council has developed a cost effective 'ChatBot' for its website, with the added benefit of providing opportunities for local students to develop their skills.

23. The close working relationship between the Council and its company continues to provide new opportunities for both organisations. The company provides cheaper and better service provision than that available from private providers. It also enables the Council to focus on the delivery of its core services.



Background documents

John Hubbard's presentation to the 'Rethinking local government service provision: improving delivery in times of fiscal constraint' Westminster Briefing (from p20 onwards)
http://www.westminster-briefing.com/fileadmin/Local_gov_service_provision1.pdf

Scoping report for LB Lewisham's commercialisation and culture change in-depth review:
<https://tinyurl.com/v5jrnar>

If you have any questions about this briefing then please contact Timothy Andrew (timothy.andrew@lewisham.gov.uk - 020 831 47916)