



## Report to Scrutiny

Item Number: 5

**Contains Confidential or Exempt Information**

No

**Subject of Report:** Future Ealing – Commerciality and Assets programme

**Meeting:** Scrutiny Review Panel 3 – 2017/2018: Future Ealing  
30 November 2018

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**Brief:** To consider an update on the developments in the Council's new Commerciality and Assets programme.

**Recommendations:** The panel is recommended to:

- *To consider an update on the developments in the Council's new Commerciality and Assets programme;*
- *and*
- *Make suggestions for further improvements accordingly*

## **Commercialisation and Assets programme**

### **1.0 Background**

- 1.1 Future Ealing is the Council's principle transformation programme, which is intended to build on our strengths and make us better at delivering our core purpose and improving outcomes for the residents of Ealing.

The programme will approach this through delivering 9 outcomes:

- A growing economy creates jobs and opportunities for Ealing residents to reduce poverty and increase incomes
- Children and young people fulfil their potential
- Children and young people grow up safe from harm
- Residents are physically and mentally healthy, active and independent
- Ealing has an increasing supply of quality and affordable housing
- Crime is down and Ealing residents feel safe
- The borough has the smallest environmental footprint possible
- Ealing is a clean borough and high-quality place where people want to live
- Ealing is a strong community that promotes diversity with inequality and discrimination reduced

To support and enable these outcomes the programme has developed three transformational and cross-cutting themes:

- Commercialisation and Assets
- Continuous Improvement and Efficiency
- Digital

Each of these themes follows its own discrete programme of work to provide adequate capacity, focus and resource and drive the programme.

- 1.2 The Commercialisation and Assets programme has a savings target of £4.8m to deliver over the course of the Council's Medium Term Financial Strategy (MTFS). The programme aims to generate new income, reduce cost and attract external investment. To achieve these things the programme aims to drive commercial development of the Council's assets, and more innovative and effective collaboration between commercial, local authority and public-sector partners.
- 1.3 Governance arrangements have been put in place to secure senior sponsorship and leadership of the Commercialisation and Assets programme. The programme is led jointly by the Executive Director of Environment and Customer Services, the Executive Director of Corporate Resources and the Executive Director of Regeneration and Housing.
- 1.4 A scope has been established, which has 8 key components (see Figure 1 below). The components are deliberately broad-ranging, and aim to drive and enable a new entrepreneurial and commercial culture supported by new organisational thinking, planning and skills development across the Council.

Figure 1: The 8 key components of the Commerciality and Assets Programme



## 2. Approach and Methodology

### 2.1 Commercialisation

2.1.1 Over the course the summer 2017, the Commerciality and Assets Board developed a programme of work with the 8 key components as a central part of that.

The programme was split into two phases:

- **Phase 1: development of recommendations and options** for the Commerciality and Assets programme to achieve its goals
- **Phase 2: implementation of approved recommendations and options** to realise improved outcomes and financial benefits

2.1.2 The programme board set out to deliver Phase 1, and following a competitive process commissioned EY to deliver this phase.

The key deliverables for this phase were to develop a clear set of recommendations and options for the Commerciality and Assets Board, which collectively achieve the principle goals of the programme, in the form of:

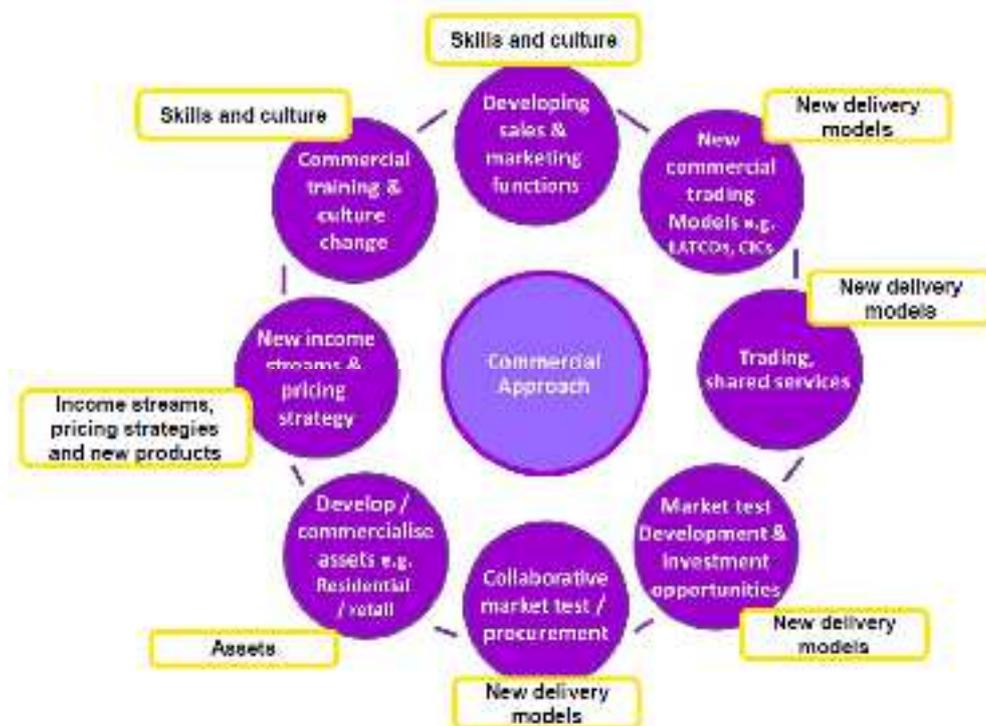
- Recommendations and options for how the Commerciality and Assets programme could deliver a minimum £4.8m contribution to the overall Future Ealing savings target;
- Recommendations and options for how best to enable a more commercial culture in the Council, and drive a more commercial approach to the way it plans and delivers services.

The deliverables in the brief are supported by guiding principles to ensure continuity, value for money and benefit to the Council and its residents.

- Recommendations and Options will be for practical projects that can deliver credible improvements in community outcomes and financial returns to the organisation within the four-year period of the Future Ealing Programme, and help set the direction for longer-term benefits.
- It is expected that recommendations and Options may comprise of new innovative ideas, as well as adaptations of “best practice” elsewhere that has already delivered proven benefits.
- Recommendations and options must set out clearly any resource/investment requirements necessary to realise them.

2.1.3 EY designed a programme based on the 8 key components set out in the brief. The programme consolidated the 8 key components into 4 work streams (See Figure 2 below).

Figure 2: Commerciality and Assets workstreams, developed by EY



2.1.4 The project plan was split into 4 component parts:

- **Identifying opportunities**  
Opportunities identified through
  - Data analysis and benchmarking to understand Ealing's current position and potential
  - Identifying good practice and successful initiatives deployed in other local authorities
  - Engagement with services to add to or refine the ideas from the above, including initiatives which have already been considered or are in flight so that a comprehensive view of commerciality can be developed across the Council.
- **Prioritising opportunities**  
Consolidated and prioritised opportunities based on criteria including market potential, scale of benefits and ease of implementation.
- **Opportunity validation and refinement**  
Opportunities developed through consultation with services to determine benefits, scope, timescale and confidence of delivery.
- **Skills & culture**

A maturity assessment conducted through a survey and workshops to support the development of the approach to skills and culture.

2.1.5 On delivery of the report the Board have begun assessing the identified opportunities to develop an approach for phase 2 implementation and submission of proposals to members in November.

2.1.6 The report highlights five key findings and recommendations to the Board. Each of these key findings will help to shape the forward plan of work for the Commercialisation and Assets programme.

**Ealing benchmarks well against some key commercial comparators**  
**A cross-council approach to commerciality is needed**  
**Commercial maturity is 'developing'**  
**There is significant savings potential**  
**Commerciality is more than income generation**

## **2.2 Assets**

2.2.1 Over the course of the summer 2017, a review of the Council's Asset Base was conducted by the Council's property consultants (LSH).

2.2.2 The review was broken down into service based portfolios, where by a report would be generated for each. As well as reviewing the building and providing a valuation, LSH also engaged with the services using/ responsible for the asset, in order to assess their needs and explore options for re-provision and/ or co-location with other services in neighbouring buildings.

2.2.3 Following extensive engagement with services the LSH reports, recommendations from the Commercialisation work stream and outputs from a workshop on 20th October, an approach by officers has been identified.

2.2.4 The approach has been to develop a set of recommendations for more strategic use of Assets, in the context of the need to develop a coherent “Neighbourhood Offer” which balances contributions towards improvement in community outcomes and MTFS objectives.

In practical terms, this means that the approach to developing recommendations around a more strategic use of Assets:

- considers the strategic use of Assets in the context of all community services in neighbourhoods
- produces recommendations which balance the need to improve community outcomes, opportunities for innovation, and the requirement to contribute towards the Council’s MTFS and in particular the immediate priorities to address budget challenges in 18-19 and 19-20;
- builds on the work achieved by the broader Commerciality and Assets programme, including work on income generation, and development of a more commercial skills and culture in the organisation;
- takes appropriate account of the inter-dependencies between Asset recommendations and recommendations affecting service provision and associated revenue budgets;
- takes appropriate account of other factors affecting service provision in communities and associated revenue savings proposals, for example the work on “Service Reviews” in the Continuous Improvement and Efficiency strand of the Future Ealing Programme

In terms of inter-dependencies with other areas of policy and other aspects of the Future Ealing programme, the following have been taken into account specifically in development of the Assets recommendations:

- Recommendations within the broader portfolio of recommended Commerciality and Assets projects
- Strategic engagement with the Voluntary and Community Sector and direction of travel in relation to likely future VCS funding arrangements
- Outcome-based and service-based transformation proposals (e.g. Active Citizenship, community aspects of Better Lives transformation)
- Continuous Improvement and Efficiency
- The Council’s Digital Strategy

2.2.5 The approach to addressing all the inter-dependent factors and multiplicity of goals for this work has been to develop a set of recommended changes to Assets in four Tranches. The Tranches map onto the next four financial years:

- Tranche 1: 2018-19
- Tranche 2: 2019-20
- Tranche 3: 2020-21
- Tranche 4: 2021-22

2.2.6 Assets have been assigned to each Tranche, following careful consideration and discussion about how best to address all the inter-dependent issues listed above, and fulfil the multiple objectives of this piece of work.

2.2.7 The types of actions recommended for Assets in each Tranche reflects the outcomes of these discussions, particularly the need to balance improved community outcomes with the need to contribute to MTFs objectives, especially budget pressures in 18-19.

### 3. **Skills and Culture**

3.1 As part of the Phase 1 commission an approach to skills and culture was developed. The aim of this approach is to support the implementation of commercial opportunities in a way which is sustainable and drives the greatest value, allowing the Council to build commercial capability and capacity within the organisation.

3.2 This involves developing a new mind set and skills, which are supported by the use of data and processes using the framework below (See Figure 3)

Figure 3: Skills and Culture Framework, developed by EY for Ealing Council



#### **4. Existing context and track record**

- 4.1 Commercialisation is an important part of the Future Ealing programme and the Council will seek to explore new opportunities through it. However, there is already a strong track record and experience on which to build. For example
- 4.2 Developing sales and marketing functions – as well as selling a range of Council services such as HR to partners like schools the Council has actively considered ways to use its position to benefit residents directly. For example, in 2016 the Council participated in a trial with its customer portal provider to test resident demand for a Council backed series of fairly priced consumer products such as energy and insurance deals. At the time of writing this trial has not progressed to delivery but is an example of the kind of innovation a more commercial approach could generate.
- 4.3 New commercial trading models – the Council has established a range of delivery vehicles to address specific challenges. For example, the creation of a Local Authority Trading Company Broadway Living to help create additional housing in the borough at prices that are affordable.
- 4.4 Trading and shared services – the Council has a range of traded and shared services, for example providing an Audit and Investigation function to Hounslow
- 4.5 Collaborative market test/procurement – through engaging the market and working in partnership the Council has been able to protect service delivery and maximise community outcomes by reducing cost. For example, the market engagement around the leisure and libraries with Brent and Harrow has enabled us to deliver over £30m of savings whilst protecting services
- 4.6 Develop/commercialise assets – the redevelopment projects for both Ealing Town Hall and Perceval House are good examples of the Council's track record to consider options for making effective use of the assets it owns, reducing the revenue cost of running these whilst protecting the key requirements that the Council has – e.g. community access to the town hall facilities and a modern, fit for purpose office space
- 4.7 New income streams and pricing – the Council has secured income streams from a range of opportunities including website advertising. The Council has also thought strategically about the pricing structure for chargeable services both to ensure full cost recovery where appropriate and with regard to wider market costs where applicable.

#### **5. Next Steps**

- 5.1 Individual projects will be taken through the necessary governance processes to ensure inclusion into the wider Future Ealing programme and MTFs. These projects will be overseen and supported by the Commercialisation and Assets Board to ensure the Council's wider commercialisation approach is adopted throughout the organisation.

5.2 The Board are committed to developing a Commercial Strategy, which will help to underpin and set the direction for a whole-organisational approach to commercialisation. This includes joint-work with the People and Organisational Development team ensuring that the commercial skills and principles can be embedded into the Council's workforce.

6. **Legal Implications**

There are no direct legal implications of this report

7. **Financial Implications**

There are no direct financial implications of this report. More broadly the objective of the commercialisation and assets programme is to contribute to the Council's MTFS.

8. **Other Implications**

All other relevant implications will be considered on a case-by-case basis.

9. **Background Papers**

None

## Consultation

<b>Name of Consultee</b>	<b>Department</b>	<b>Date Sent to Consultee</b>	<b>Date Response Received from Consultee</b>	<b>Comments Appear in Report Para:</b>
<b>Internal</b>				
Keith Townsend	Executive Director of Environment and Customer Services	13/11/17	14/11/17	Throughout report
Lucy Taylor	Executive Director of Regeneration and Housing	13/11/17		
Kieran Read	Director of Strategy and Engagement	08/11/17	09/11/17	Throughout report
<b>External</b>				

## Report History

<b>Decision Type:</b> For Information	<b>Urgency item?</b> No		
Authorised by Cabinet Member:	Date Report Drafted:	Report Deadline:	Date Report Sent:
NA	NA	21.11.17	2.11.06
Report No.:	Report Author and Contact for Queries:		
	Anton Nisbeth, Change and Transformation Officer		