

East Herts Council Report

Executive

Date of meeting	12 July 2022
Report by	Councillor Linda Haysey, Leader of the Council and Councillor Geoffrey Williamson, Deputy Leader of the Council and Executive Member for Financial Sustainability
Report title	Transforming East Herts Update and Commercial Strategy
Ward(s) affected	All

Summary - The purpose this report is to present the business case for the council's **Transforming East Herts** programme and highlight key elements of the programme which require the Executive's endorsement or approval.

Presented in this report is the Transforming East Herts business case along with proposals to transform the way in which we serve our customers by introducing technology investment by way of a Customer Relationship Management (CRM) system along with the implementation of other savings arising from the business case.

Also presented in this report is the Commercial Strategy that sets out the framework for embedding a commercial mind-set in the council and sets out an 8 stage process for potential new commercial income streams to be worked up from idea to being ready for the market. The Commercial Strategy is part of the Commercial work stream of the Transforming East Herts Programme. The Commercial

Strategy is the final building block, alongside staff competencies and the Fees and Charges Policy, which was agreed by Council in December 2021, to enable the council to start to embed a commercial mind-set.

RECOMMENDATIONS FOR EXECUTIVE

- a) To endorse the Transforming East Herts Business Case
- b) To approve the Commercial Strategy

1.0 Proposal(s)

- 1.1 The Executive received a detailed report on the launch of the Transforming East Herts programme at its meeting of 6th July 2021 and an update report at its meeting on 23 November 2021.
- 1.2 The Transforming East Herts Business Case sets out the stages identified to ensure we can:
 - 1.2.1 Deliver financial benefits
 - 1.2.2 Improve customer experience, including access through digitisation (Customer Relationship Management – CRM)
 - 1.2.3 Benefit from a flexible and skilled workforce
 - 1.2.4 Ensure a sustainable budget

The business case sets out that £1.95m needs to be found through savings and/or income generation in order for the council to work towards setting a balanced budget over the current medium term financial planning period. Potential

savings have been identified and will continue to be refined with the Executive over the current budget setting cycle. Should these identified savings not be viable, they will need to be replaced with alternative savings. It should be noted that most easily deliverable savings have already been realised. We are now at the point of having to make hard decisions in order to protect front line services and staff. The full report can be found at Appendix A and Executive is recommended to endorse it.

1.3 The Commercial Strategy sets out the council's framework for embedding a commercial mind-set in the council and sets out an 8 stage process for potential new commercial income streams to be worked up from idea to being ready for the market. The strategy sets out how we will encourage a commercial mind-set which will deliver:

- 1.3.1 continuous improvement;
- 1.3.2 the identification of potential new ways of working;
and
- 1.3.3 new opportunities that will generate income which will improve the council's financial position and help maintain services.

1.4 However, in order to do that Members and Senior Officers will need to embrace that this new thinking involves identifying the right opportunities, broadening the council's risk appetite, taking some measured risks and accepting that some investments/projects will not succeed.

2.0 Background

- 2.1 The Transforming East Herts Commercial Work Strand set out to deliver:
 - 2.1.1 Fees and Charges Policy
 - 2.1.2 Commercial Strategy
 - 2.1.3 Commercial Staff competencies
- 2.2 The purpose of the Fees and Charges Policy is to provide a framework for how East Herts Council approaches the question of charging for its services to maximise consistency and ensure that wherever possible costs are recovered.
- 2.3 The Fees and Charges Policy was approved by Council on 15th December 2021. A new template approach to calculating charges has been agreed that sets an hourly rate per staff grade that fully recovers cost plus makes a contribution to the Corporate and Democratic Core costs.
- 2.4 New charges using the template, plus the experience of applying the new policy to RPZ permits indicates that there is likely to be a large number of charges set below cost recovery. As part of the MTFP and budget process all fees and charges will be reviewed against the policy and increases presented to Executive and Council for approval.
- 2.5 The purpose of the Commercial Strategy is to:

- 2.5.1 Provide a framework for how East Herts Council approaches commercial opportunities; and
- 2.5.2 Identify the skills that staff need in order to solve problems through a commercial mind-set.

- 2.6 The Commercial skills have already been rolled out to staff to optionally use in their Performance Development Reviews this year and are linked in to the Commercial Strategy.

- 2.7 The Commercial Strategy is at Appendix B and Executive is recommended to approve it.

3.0 Reason(s)

- 3.1 To provide a framework for how East Herts Council approaches commercial opportunities; and to identify the skills that staff need in order to solve problems through a commercial mind-set.

4.0 Options

- 4.1 Adopt the Commercial Strategy – **Recommended** – to provide the framework to develop income generating ideas from staff and change mind sets to solve problems and make staff think differently.

- 4.2 Endorse the Transforming East Herts Business Case – **Recommended** – We are now at the point of having to take hard decisions. The Transforming East Herts Programme continues to develop to protect front line services and staff.

- 4.3 Operate without a commercial strategy – **Not Recommended** – this will stifle innovation, creative thinking and lead to slower

cultural change as part of transforming East Herts.

4.4 Continue as is without addressing the budget shortfall. The council will risk the budget becoming unsustainable which may result in unplanned service and staffing reductions – **Not Recommended**

5.0 Risks

5.1 In order to deliver the savings required as well as the rewards of being more commercial both Members and officers will need to change their attitude towards risk. The current culture is to avoid risk. We will need to change our risk appetite so that we accept risks that we have measured, and can manage, that lead to reward.

6.0 Implications/Consultations

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

Yes – the central training budget will be used for commercial skills training.

The Commercial Strategy sets out an 8 stage process for ideas being taken through to market. The purpose of the strategy is to make the council more commercial to:

Deliver internal operational efficiency and continuous process improvement;

Identify new income streams and reviewing all current charges to ensure full cost recovery as the norm;

Identify and take to market new commercial products and services;

Be more commercial about the standard of service offered and where the service provided is of too high a standard, reducing that standard to the market norm (this is often described as providing a gold standard service when the market norm is bronze level). As part of this and, where legislation permits, the council may take a commercial decision to still offer the gold standard service at a premium price; and

Be more commercial about what is not “core business” and can be better done by others or not done at all, especially where there is no statutory or contractual requirement to provide services.

Health and Safety

No

Human Resources

Yes – Commercial skills training will be procured following the approval of the strategy.

Human Rights

No

Legal

No

Specific Wards

No

Background papers, appendices and other relevant material

7.1 Appendix A – Transforming East Herts Business Case

7.2 Appendix B - Commercial Strategy

Contact Member

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