

Report to Business & Transformation Scrutiny Panel

Meeting Date: 7th October 2021
 Portfolio: Finance, Governance & Resources
 Key Decision: No
 Policy and Budget Framework: No
 Public / Private: Public

Title: COMMERCIALISATION TASK AND FINISH GROUP
 Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
 Report Number: RD43/21

Purpose / Summary: This report summaries the work undertaken by the Commercialisation Task and Finish Group and details the rationale for not progressing any further work on a detailed Commercialisation Strategy for Carlisle City Council.

Recommendations: Members are asked to note the contents of this report and to ratify the conclusions of the Task and Finish group, or conversely ask that the Task and Finish Group continue with their work in developing a Commercial Strategy for Carlisle City Council.

Tracking

Executive:	Not applicable
Scrutiny:	7th October 2021
Council:	Not applicable

1. BACKGROUND

1.1. During 2020/21 the Business and Transformation Scrutiny Panel resolved that a Commercialisation Task & Finish Group be set up to support the development of a Commercialisation Strategy for Carlisle City Council (minute references BTSP47/20 and BTSP 64/20 refer).

1.2. The first meeting of the T&F Group was held on 19th May 2021 and was attended by:

Cllr James Bainbridge
Cllr Pamela Birks
Cllr Les Tickner
Cllr Lucy Patrick (nominated as the Chair)
Cllr Trevor Allison

Corporate Director of Finance & Resources
Corporate Director of Governance and Regulatory Services
Overview and Scrutiny Officer

It was agreed that other officers would be co-opted onto the Group on an ad-hoc basis.

1.3. During that first meeting:

- The Terms of Reference of the Group were agreed;
- Members received a presentation from the Corporate Director of Finance and Resources; and
- The recommendations made by the Corporate Peer Challenge regarding commercialisation were reviewed and discussed.

1.4. It was further agreed at that meeting that external training should be procured for all members of the group and this was subsequently provided by APSE and held over 2 days in early June.

1.5. A plan of action was developed, and further research was to be undertaken by officers and Members that would provide useful background in terms of:

- Use of Council assets;
- Adding social value;
- Housing development activity;
- Examples of other Strategies as highlighted by the Peer Challenge
- Impact of PWLB borrowing constraints especially on authorities who have commercial activity within their capital programmes;

- A draft strategy be developed based upon research into best practice found in other authorities.

1.6. Prior to the subsequent meeting, three new Members agreed to be part of the Group:

Cllr Linda Mitchell
Cllr Ann Mckerrell
Cllr Christine Finlayson

1.7. The second meeting of the Group was held on 2nd September 2021 and was attended by:

Cllr Pamela Birks (nominated as Chair in the absence of Cllr Patrick)
Cllr Trevor Allison
Cllr Linda Mitchell
Cllr Ann Mckerrell

1.8. During this meeting:

- The Corporate Director shared her learning from the APSE training and agreed that training could be provided for the new members later in the year;
- The Group considered the work and research undertaken by both Officers and Members to date;
- Members discussed the impact of Local Government Reorganisation (LGR) on the future work of the Group.

1.9. Whilst the Group acknowledged the significant work already undertaken, they recognised that much more work was still needed to develop a strategy which, given LGR, could potentially only have a very short lifespan. They recognised that LGR would be a period of great change for the Council with significant and various demands being placed on both Officer and Member resources. Therefore, they reached the conclusion that the Task and Finish Group should be concluded and in the light of the existing commercial activity already undertaken and LGR, the development of a Commercial Strategy for Carlisle City Council was not currently advisable.

2. PROPOSALS

2.1. Given the conclusion of the Task and Finish Group and their recommendation to cease any further work on the development of a Commercialisation Strategy, it

should be noted that this does not mean that the Council are precluded from undertaking commercial activities.

2.2. The Council's Medium Term Financial Plan (MTFP) contains, as a key Financial Principle, "Commercial and Income Generation" which details the issues to be considered and reviewed as part of the 2022/23 budget process in respect of identifying areas for potential charging and opportunities for increasing income as well as developing a culture where the charging powers of the Council are maximised and encouraged. The development of investment opportunities to maximise the use of the Council's asset portfolio is also identified as a key area for commercial activity.

2.3. Therefore, given that the Council is currently, and has already been, involved in commercial activities such as G44 and the Sands Development, the ability to continue with this type of activity is clearly set out in the Council's MTFP and is to be encouraged in order to generate a profit/operating surplus, to re-invest in Council services for the benefit of the community, residents and businesses.

2.4. Members should also note that the considerable work and research undertaken by the Task and Finish Group is not lost; it has been retained on the shared drive utilised by the Group and can be made available to inform any future Strategy which may be developed by the new Authority post Local Government Reorganisation.

3. RISKS

3.1. There are 2 main risks to consider in terms of undertaking future commercial activities:

- The constraints, under LGR, to limit any significant capital contracts and expenditure over a specified value, and to limit any non-capital contractual agreements over a specified value where the contract extends beyond a certain date, without written consent of the new Authority.
- Revised guidance from CIPFA/HM Treasury in respect of the Prudential Code and Capital Finance in Local Government which is likely to place constraints on any future PWLB borrowing or the re-financing of any existing debt where any commercial activities are contained within a Council's Capital Programme.

4. CONSULTATION

4.1. None

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

5.1. To ratify the conclusion, or not, of the Task and Finish Group to cease the development of a Commercialisation Strategy for the Council, whilst recognising the ability to continue with commercial activities in line with the MTFP at the same time as being mindful of the potential risks as set out in the report.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

6.1. To ensure that the Council can fulfil its priorities regarding Commercialisation.

Contact Officer: Alison Taylor **Ext:** 7280

Appendices attached to report: None

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS:

LEGAL – In relation to Local Government Reorganisation, the forthcoming Structural Change Order or related legislation will place restrictions on decisions that are able to be made by the City Council, particularly regarding capital and revenue expenditure.

PROPERTY SERVICES – The Council has a good track record in utilising its property assets to develop income streams and capital receipts and this work will continue until the new authority commences operation.

FINANCE – The Medium-Term Financial Plan outlines that a key financial principle will be commercialisation and income generation. This will be considered as part of the 2022/23 budget process alongside a review of Council charges through the Charges Review Reports. Commercial opportunities for investment will also take into consideration the revised guidance from HM Treasury and CIPFA on the Prudential Code on borrowing for commercial activity.

EQUALITY – None

INFORMATION GOVERNANCE – There are no information governance implications with this report.