

\Introduction to commercialisation

CIPFA North West Audit, Risk and Governance Group

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Introduction

- About this session
- Reasons for Commercialism
- New initiatives & operating models
- Powers to operate more commercially
- Risks
- Reasons for success
- Examples of commercialisation
- Further information

Reasons for commercialism

- Self sufficiency by 2020
- Public expectation and demand
- Changing landscape
- Ability to offer more
- Changes to legislation
- Cheap borrowing
- Appetite to risk changing
- Growing confidence
- Adding value

New initiatives and operating models

- Property Investments
- Property dis-investments
- Trading
- Green investments & energy companies
- In-sourcing
- Lending to public and private sector organisations
- Social funding
- Bond Issues
- Pension fund advances

Powers to operate commercially

Guidance

- CIPFA / LGA / Big 4 / APSE / Unison

Charging:

- Local Authorities (Goods and Services) Act 1970
- Local Government Act 2003 and a subsequent Trading Order in 2009
- General Power Of Competence in the Localism Act 2011
- Other specific powers

Powers to act commercially

Trading:

- Local Government Act 1972 (Section 101)
- Local Authorities (Goods & Services) Act 1970

Trading beyond the public sector:

- Local Government Act 2003
- Localism Act 2011 & GPOC

Other considerations:

- Public Services (Social Value) Act 2012

Risks/things to consider

- Commercial licences
- Due Diligence
- Risk Assessment
- Time, capacity & capability of internal staff
- External legal advice
- Public opinion/Reputational issues
- Change in policy/Governance
- State Aid
- Ethical Issues
- Potential government changes

Reasons for success

- A clear strategy with clear success criteria
- Commercialism agenda aligned to broader Council agenda
- Good understanding of managing risks
- Early engagement with influencers
- Plan over the long term
- Take informed decisions
- Ensure there is robust due diligence and external advice
- Shift in organisational culture led from the top
- Understand that not everything will be successful
 - and it is ok to fail

Examples

- Uttlesford £45m Science Park
- Liverpool Council - Everton FC stadium
- Warrington Challenger bank
- Sevenoaks self-sufficiency
- East Cheshire Transport Service Solutions
- Warrington, Newham & Thurrock (and Bexley) - Solar Farms
- Aberdeen & Warrington Bond Issue
- Nottingham Robin Hood Energy
- Rutland HMP Ashwell conversion

Further information

- Commercial Councils: The rise of entrepreneurialism in local government – Localis
- <http://www.localis.org.uk/research/commercial-councils-the-rise-of-entrepreneurialism-in-local-government/>
- Delivering change: How city partnerships make the most of public assets. From the Centre for Cities - <http://www.centreforcities.org/reader/delivering-change-city-partnerships-make-public-assets/>
- Enterprising councils: Supporting councils' income generation activity. From the Local Government Association - [https://www.local.gov.uk/sites/default/files/documents/11%2054%20LGA_Ent erprising Councils 09 Web.pdf](https://www.local.gov.uk/sites/default/files/documents/11%2054%20LGA_Ent%20erprising%20Councils%2009%20Web.pdf)
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- Public Finance innovation Awards 2017: Winners Guide - http://www.publicfinanceawards.co.uk/wp-content/uploads/2017/04/Public-Finance-Innovation-Awards_Winners-Brochure-2017.pdf
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- Room 151 newsletter <http://www.room151.co.uk/newslettersreg/>

Thank you

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