

BSA

The Business Services
Association
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Briefing Note

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Background

With ongoing constraints on public finances, local councils continue to face significant challenges to the delivery of good quality public services.

However recent years have also prompted innovation across England's local authorities, with councils taking action to partner with the private sector and act in a more 'commercial' fashion. With the devolution agenda set to continue across the UK, councils have the opportunity to rethink how they run services and actively promote new ways of thinking.

Commercial Councils, Commercial Skills and Partnership Working

The BSA, in conjunction with Associate Member Trowers & Hamblins, held an event on 31st January to discuss the culture, ethos and practicalities of running commercial councils.

James Hawkins from Trowers & Hamblins introduced proceedings by saying that the commercialisation agenda was a key issue in bridging the funding gap to deliver public services and gave an overview of the themes to be discussed.

Sean Hanson, Chief Executive of Local Partnerships, began by illustrating the extent of spending cuts across local authorities since 2010 and noted that the most recent budget restated that fiscal restraint would continue to be a feature. He highlighted examples of public-private working both at individual local authorities and within regions. Fiscal devolution, he said, was a policy agenda that could enable councils to be more flexible but it also carried with it some challenges such as concerns over the existing skills, capability and capacity of councils. Following the presentation, there was discussion of the idea that councillors were becoming more interested in this agenda because they were increasingly aware of the need to innovate to deliver good services.

Liam Booth-Smith, Chief Executive of think-tank Localis, and Grant Thornton's Guy Clifton then gave a joint presentation. Mr Clifton said that commercialism is not new to local government but that its importance was increasing in light of ongoing austerity. He said that commercialisation was about councils being more business-like in their approach to services and that this could mean thinking more about new sources of income rather than simply cost reduction.



Speakers

Liam Booth-Smith, Chief Executive, Localis

Chris Bradley, LGA's Advanced Commercialism Group & Head of Commercial Development, East Hampshire District Council

Guy Clifton, Head of Local Government Advisory, Grant Thornton UK LLP

Sean Hanson, Chief Executive, Local Partnerships

James Hawkins, Partner, Trowers & Hamblins LLP

(cont.)

Mr Booth-Smith urged a greater role for the private sector but highlighted some challenges regarding some public sector perceptions. Liam said that creating an effective services offering was dependent on collaboration between the public and private sectors, but that understanding that public service ethos was about reputational values was key.

Speakers

Duncan Macdonald,
Associate Director, Kier
Property

Richard McCarthy CBE,
Senior Director, Strategic
Services, Capita

Glen Manley, Associate
Director, Local
Government, NSL

Helen Randall, Partner,
Trowers & Hamblins LLP

Cath Shaw, Interim Deputy
Chief Executive &
Commissioning, London
Borough of Barnet Director,
Growth & Development

Chris Bradley from the Local Government Association and East Hampshire District Council followed. The public sector, he said, was already managing complexity well despite challenging financial conditions and significant public scrutiny. He argued that increasingly commercialisation was not simply a question of how the private sector can help the public sector but how can each use their skills to assist the other.

From Trowers & Hamblins, Helen Randall highlighted best practice examples of local authority wholly-owned and joint venture commercial vehicles across the country and in different sectors and encouraged councils to be more adventurous and not be afraid to choose to partner with the private sector in joint ventures. She also outlined some of the common causes of commercial failure for local authorities, such as insufficiently defined contracts or overly complex governance structures.

In the following Q&A, panellists were asked what councils could be doing more or less of and the role of commercialism within this. It was discussed that local authorities could be more creative with their existing land and assets to



aid their balance sheets. Underpinning everything would be a societal adaptation to an ageing population and the demands this will place on services.

The third and final session looked at how councils can operate commercially in practice. Glen Manley, Associate Director for Local Government at NSL, discussed the revenue raising and commercial opportunities that were available through partnership working with the private sector. Local government, he added, should focus less on outputs and more on outcomes and shape its contracts in relation to demand.

Capita's Richard McCarthy and Cath Shaw of Barnet Council gave a joint presentation on the long-term partnership working in place in Barnet. Mr McCarthy stressed that the key to making the contracts work was transparency and accountability. Both speakers highlighted the element of partnering and commercialisation in Barnet that built on what the council already did well by layering new 'premium' services on top of excellent existing 'statutory' ones.



The final presentation by Kier Property's Duncan Macdonald gave an illustration of a public-private partnership in action in the form of the Watford Health Campus. Mr Macdonald emphasised the importance of creating a market-facing masterplan that is set up to deliver on the aspirations and objectives of the individual council. Key elements to success included effective stakeholder engagement across sectors, mutual trust, high level local political buy-in, and a realistic approach to resource allocation and programme expectations.

In the final Q&A, the presenters were questioned on where they saw the future of joint venture opportunities and whether there some markets were beginning to dry up. The panellists noted financial pressures could prevent new thinking about services and there was likely a shift towards bespoke individual components of services. Therefore the agenda was not slowing down but merely changing in nature.