



**Reigate & Banstead**  
BOROUGH COUNCIL  
Banstead | Horley | Redhill | Reigate

<b>Signed off by</b>	Chief Finance Officer
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<b>To</b>	Overview and Scrutiny Committee Executive
<b>Date</b>	Thursday, 7 December 2023 Thursday, 14 December 2023
<b>Executive Member</b>	Portfolio Holder for Commercial and Community Assets

<b>Key Decision Required</b>	N
<b>Wards Affected</b>	(All Wards);

<b>Subject</b>	Commercial Strategy Progress Update 2023
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<b>Recommendations</b>
<b>That the Overview and Scrutiny Committee:</b> (i) <b>Notes the Commercial Strategy Annual Progress Report at Annex 1 and makes any observations to the Executive.</b>
<b>That the Executive:</b> (ii) <b>Notes the Commercial Strategy Annual Progress Report at Annex 1, along with any observations of the Overview and Scrutiny Committee and agrees it for publication on the Council's website.</b>
<b>Reasons for Recommendations</b>
To support the effective consideration and awareness of the Council's work towards its Commercial Strategy.
<b>Executive Summary</b>

The Council has agreed a Commercial Strategy, with Part 1 approved in November 2020 and Part 2 agreed in December 2021. This report provides an update on progress on the actions set out in the Strategy over the last year.

The progress report is based around the action plans set out within Part 1 and Part 2 of the Strategy. The report also provides the annual update to the Council's Investment Appetite, as described in Part 2 of the Commercial Strategy.

It should be noted that since the Commercial Strategy Part 2 was agreed by the Executive in December 2021, the Council has also begun to implement its Financial Sustainability Programme, which overlaps with some elements of the Council's commercial activity. Quarterly updates on the progress of this Programme are provided separately to the Overview & Scrutiny and Executive Committees.

Overall, progress on delivering actions set out in the Commercial Strategy has been positive, with quantifiable income and savings secured, as detailed in the Annex. Work towards ongoing commitments around securing best value from commercial assets and monitoring the performance of the Council's portfolio has been maintained.

Actions which had previously been delayed are now progressing, including work to expand procurement and contract management skills and resources within the Council.

Some elements of the Commercial Strategy will need to take account of external factors which may influence resource requirements, such as the continued increase in demand for homelessness support and the implementation of the national Resources & Waste Strategy. These elements will continue to be monitored in the coming year.

Where projects and activities with commercial elements continue to be progressed, information will be provided to members using established reporting mechanisms as detailed in Part 2 of the Commercial Strategy.

**The Overview and Scrutiny Committee and Executive have authority to approve the respective recommendations above.**

## **Statutory Powers**

1. The Localism Act 2011 introduced the General Power of Competence, which allows local authorities to do anything that individuals generally may do as long as it is not prohibited by other legislation. We are therefore able to operate more commercially, and undertake a range of different business ventures.

## **Background**

2. In common with most local authorities, the Council faces a combination of significant demand for its services, combined with constrained funding. Consequentially, in order to maximise the benefit it can provide to the Borough and its residents, it is necessary for the Council to be financially efficient and make best use of its resources.
3. The Council's Corporate Plan, Reigate & Banstead 2025, includes the objectives to be a financially self-sustaining council, and to generate additional income and build the organisations financial resilience, in order to sustain services, through responsible and sustainable commercial activities.

4. To support these objectives, the Council has developed a Commercial Strategy. Part 1 of the strategy was approved in November 2020 and set out the context and key guiding principles of the Council's approach and governance. Part 2 was approved in December 2021 and set out the Council's approach to investing in commercial assets and services, funding commercial activity and investment appetite.
5. The guiding principles established in Part 1 of the Commercial Strategy are set out below, and underpin all commercial activity undertaken by the Council.
  - a. Principle 1: Our commercial activity will be ethical, and consistent with the Council's statutory responsibility to promote economic, environmental and social wellbeing in the borough, and our corporate objectives
  - b. Principle 2: Any commercial decisions will be based on a robust assessment of the business case using consistent criteria (to be detailed in Part 2 of this Strategy), and appropriate due diligence and risk assessment.
  - c. Principle 3: Surplus income generated through our commercial activities will be used to ensure the financial sustainability of the Council and continued delivery of services for local people.
6. The Council's overall financial position and information about the wider context in which we operate is provided in quarterly financial performance reports to the Overview & Scrutiny Committee and the Executive and as part of the annual budget setting process, most recently the draft Budget proposals presented to the Executive in November 2023.

### **Key Information**

7. The Council's Commercial Strategy establishes principles, an approach and action plans for achieving the Council's objectives around commercial and investment activity.
8. The guiding principles of the strategy are set out in Part 1 and are presented in the background section above. These principles are reflected throughout the commercial activity of the Council.
9. There is a general commercial activity action plan set out in Part 1 of the strategy. This action plan provides a general overview of high level work towards the Council's commercial objectives.
10. Part 2 of the strategy includes two more focussed action plans, about commercial assets and commercial services respectively. These action plans include a number of priorities, target timeframes and outcomes across both of these areas.
11. Information on the Council's progress towards the delivery of these action plans is set out in Annex 1 to this report.
12. The report also provides an update on the operational context of the Council and work related to the Commercial Strategy, including updates to national guidance and alignment with the Council's Financial Sustainability Programme.

### **Commercial Strategy Work Areas**

13. A procurement transformation programme began in July 2023, as part of work to expand procurement and contract management skills and resources within the Council.

## Commercial Assets

14. Improvements to the monitoring and reporting of the performance of the Council's property portfolio have been maintained, with quarterly reports provided to the Partner, Shareholder and Trustee Executive Sub-Committee.
15. The development of The Rise at Marketfield Way achieved practical completion in July 2023. In addition to the additional amenities provided and the benefits for the local economy, this has secured with both revenue income and capital receipts for the Council. A report on the project forms part of the agenda of the December meetings of the Overview and Scrutiny Committee and Executive.
16. Work to optimise the performance of Council assets has continued, with a net budget improvement of £688k secured through a combination of new income sources.

## Commercial Services

17. The Council continues to generate income from a number of services for external customers, including revenues, benefits and fraud advice and garden waste.
18. Options for establishing new trading company structures have not been progressed as assessments indicated that these structures were not necessary to support anticipated activities and would increase operating costs.
19. Fees and charges have been updated in line with the Council's Fees and Charges policy, as reported within the Council's budget reports.

## Options

20. The following options have been identified for the Executive:
  - **Option 1:** Note the progress update on the Council's Commercial Strategy and the observations of the Overview and Scrutiny Committee and agree the report at Annex 1 for publication. This option is recommended as it supports the effective consideration and awareness of the Council's work towards the objectives of its Commercial Strategy.
  - **Option 2:** Request additional information and/or do not agree the report at Annex 1 for publication. This option is not recommended as awareness of the update provided supports the continued work of the Council towards the objectives of its Commercial Strategy.

## Legal Implications

21. There are no direct legal implications arising from the recommendations of this report.
22. As identified within the Commercial Strategy, appropriate governance of commercial activities requires that any legal risks associated with such activity are properly monitored and considered. This may require utilising appropriate legal advice, including from external advisors, where relevant.

## Financial Implications

23. There are no direct financial implications arising from the recommendations of this report.

24. As identified within the Council's Commercial Strategy and the Key Information above, the Council's ability to operate in a commercially efficient manner, whilst continuing to adhere to its guiding principles and wider obligations, will be a necessary component of the organisation's financial sustainability within current contexts.
25. The progress towards the actions set out in the action plans within the Commercial Strategy helps to support this requirement and the Council's wider work regarding financial sustainability.
26. As identified in the Council's Medium Term Financial Plan and the Key Information above, the Council continues to face a potential budget gap in coming years. Ongoing progress towards the action plans and wider objectives of the Commercial Strategy will therefore continue to be an important component in addressing this potential gap and supporting the Council's long term financial sustainability.

### **Equalities Implications**

27. Under the Equality Act 2010, we have a duty to have due regard to the need to eliminate unlawful discrimination, harassment, victimisation and other prohibited conduct; and advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not share it. This duty applies to all decisions made in the course of exercising the Council's public functions.
28. The recommendations of this report do not have any direct consequences for staff, residents or other service users, including those with protected characteristics. However, the Council's duty to have regard for the equalities implications of its actions is reflected within the guiding principle of the Commercial Strategy for its commercial activity to be ethical, and should be considered throughout the evaluation of any actions regarding commercial assets, services or other activities.
29. Where changes are made to services, or new services are introduced, including changes in provision or pricing, an assessment of equality impact must be undertaken. These serve to identify potential implications of the changes, including those which might affect persons with protected characteristics, and require services to consider how any negative implications can be avoided or mitigated. Where other actions may have similar implications, they will also need to be supported by equality impact assessments.
30. Where the Council is able to operate effectively and support its financial sustainability through commercial activities, this can also potentially provide additional resources to help address existing challenges facing the borough and its residents, including those relating to equality and persons with protected characteristics.

### **Communication Implications**

31. The recommendations of this report do not have any direct consequences for staff, residents or other service users, including those with protected characteristics. However, the Council's duty to have regard for the equalities implications of its actions is reflected within the guiding principle of the Commercial Strategy for its commercial activity to be ethical, and should be considered throughout the evaluation of any actions regarding commercial assets, services or other activities.

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### **Environmental Sustainability Implications**

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35. Where changes are made to services, or new services are introduced, including changes in provision or pricing, an assessment of equality impact must be undertaken. These serve to identify potential implications of the changes, including those which might affect persons with protected characteristics, and require services to consider how any negative implications can be avoided or mitigated. Where other actions may have similar implications, they will also need to be supported by equality impact assessments.
36. Where the Council is able to operate effectively and support its financial sustainability through commercial activities, this can also potentially provide additional resources to help address existing challenges facing the borough and its residents, including those relating to equality and persons with protected characteristics.

### **Risk Management Considerations**

37. The recommendations of this report do not have any direct consequences for staff, residents or other service users, including those with protected characteristics. However, the Council's duty to have regard for the equalities implications of its actions is reflected within the guiding principle of the Commercial Strategy for its commercial activity to be ethical, and should be considered throughout the evaluation of any actions regarding commercial assets, services or other activities.
38. Where changes are made to services, or new services are introduced, including changes in provision or pricing, an assessment of equality impact must be undertaken. These serve to identify potential implications of the changes, including those which might affect persons with protected characteristics, and require services to consider how any negative implications can be avoided or mitigated. Where other actions may have similar implications, they will also need to be supported by equality impact assessments.

39. Where the Council is able to operate effectively and support its financial sustainability through commercial activities, this can also potentially provide additional resources to help address existing challenges facing the borough and its residents, including those relating to equality and persons with protected characteristics.

### **Procurement/Contract Management and Subsidy Considerations**

40. There are no direct legal implications arising from the recommendations of this report.
41. As identified within the Commercial Strategy, appropriate governance of commercial activities requires that any procurement matters are appropriately considered and reviewed and consistent with the requirements of Public Procurement legislation. Considerations regarding procurement, contract management and subsidy matters will be reflected within the decision making process for individual projects.

### **Consultation**

42. Any observations from the Overview and Scrutiny Committee at its meeting of 7 December 2023 will be reported to the Executive by way of addendum or verbal update.

### **Policy Framework**

43. The Commercial Strategy is consistent with the Council's Corporate Plan for the period 2020 to 2025.
44. Maintaining the Council's financial sustainability through effective cost management and securing best value for use of assets and resources continues to be an important consideration in delivering on the Council's Corporate Plan objectives.

### **Background Powers**

45. Reigate & Banstead 2025 (The Council's Corporate Plan): available online at <https://www.reigate-banstead.gov.uk/rbbc2025>
46. 2. Commercial Strategy Part 1 and Commercial Strategy Part 2: available online at [https://www.reigate-banstead.gov.uk/info/20205/plans\\_and\\_policies/280/reigate\\_and\\_banstead\\_2025/4](https://www.reigate-banstead.gov.uk/info/20205/plans_and_policies/280/reigate_and_banstead_2025/4)