



# Becoming a Commercial Council

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23<sup>rd</sup> January 2015



# AGENDA TODAY

- What is commercialisation?
- What is going to stop you?
- What is going to help you?
- Commercialising Energy – quick update
- Case study – making Growth and Regeneration services pay

## What is Commercialisation?

### **Commercialisation** is

the process or cycle of introducing a new product or production method into the market.

OR in simple terms .....

- Making money
- Being business like
- Commissioning
- ..... and provider



Banish to Room 101

No NOT Dan Brown...  
BUT Stickers on Books!!



**Chris Tarrant tries to banish  
Jedward to Room 101,  
Alice Cooper stops him!!**

## Room 101.... MY PERSONAL RANT!

- Local government family
- Freedom of Information
- Procurement ....EU
- “The Special One” - naivety / self awareness
- Return on investment
- Intellectual property
- ‘It’s all about the .....



## ENABLERS

- Leadership and sponsorship
- Governance frameworks
- Member commitment
- Culture shift
- Talent bank
- Knowing what you are good at
- Market place
- Not one size fits all
- No more cost centres



# LGA Advanced Commercial Group

- To enable councils already advanced in their thinking to move further, faster
- To share different approaches to commercialisation to enable mutual learning
- To identify possible barriers to commercialisation to inform LGA lobbying on behalf of the sector
- To identify potential opportunities for brokering/ negotiation of greater discounts on behalf of a wider group of councils (eg due diligence)
- To identify potential synergies/ opportunities for collaboration/ partnerships/ joint ventures where appropriate
- To consider the development of a sector led improvement offer for commercialisation, on a cost or cost plus basis

# LEARNING FROM OTHERS – AYLESBURY VALE DC

(Shortlisted for LGC Award 2015 - Entrepreneurial Council of the Year)

- **Old Way .... Being more public sector like**
- Budget led – spending what services were given
- Costs not that important – service level seen as more important
- Provide the service that's easiest for AVDC to deliver
- Treating most things the same no matter how complex or simple
- Provide the service we 'think' people want
- Develop a service without really understanding costs
- Carry on doing the same thing in the same way because 'we've always done it like this
- Seeing each task in isolation

OR

- **New Way ... Being more business like**
- Surplus income led - spend what services earn
- Cost focus – knowing costs of delivery, and what level of service is appropriate to needs
- Provide the service that helps the customer and helps AVDC as well
- Redesign systems to get them 'right sized' to the task
- Know our market, know what customers want, and what our competitors are doing
- Only delivering services once they are costed and fully understood, and recover costs through charges where they can be
- Stop delivering services where the business case does not stack up
- Spot opportunities for cross selling between services that the council & its partners provide



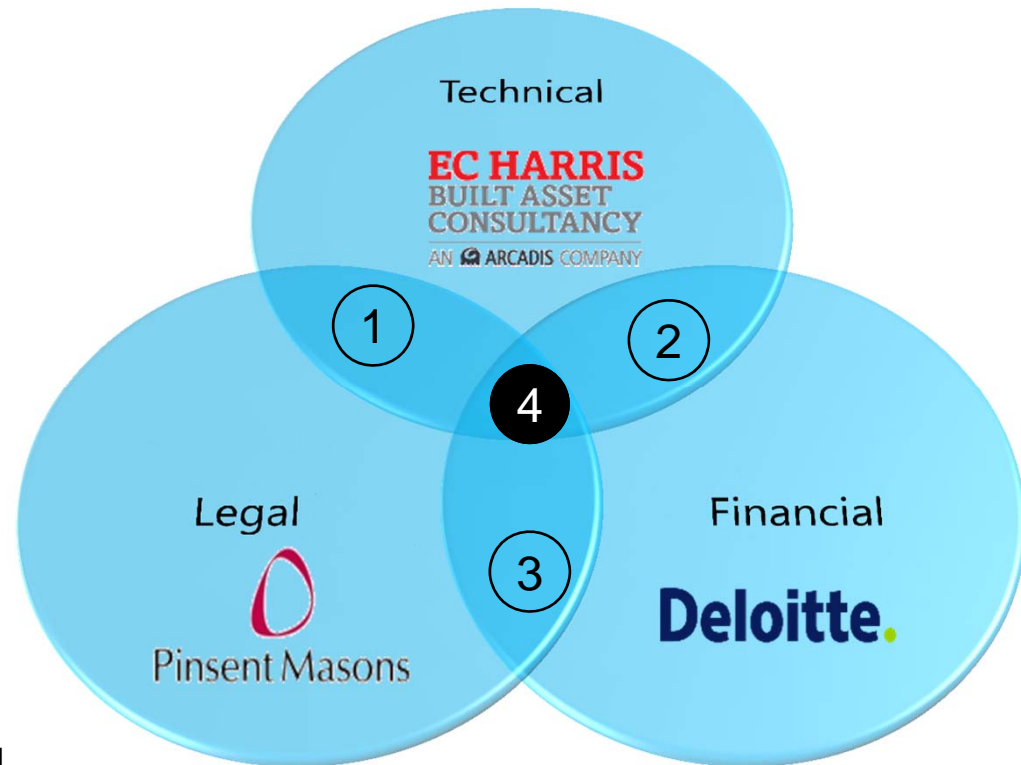
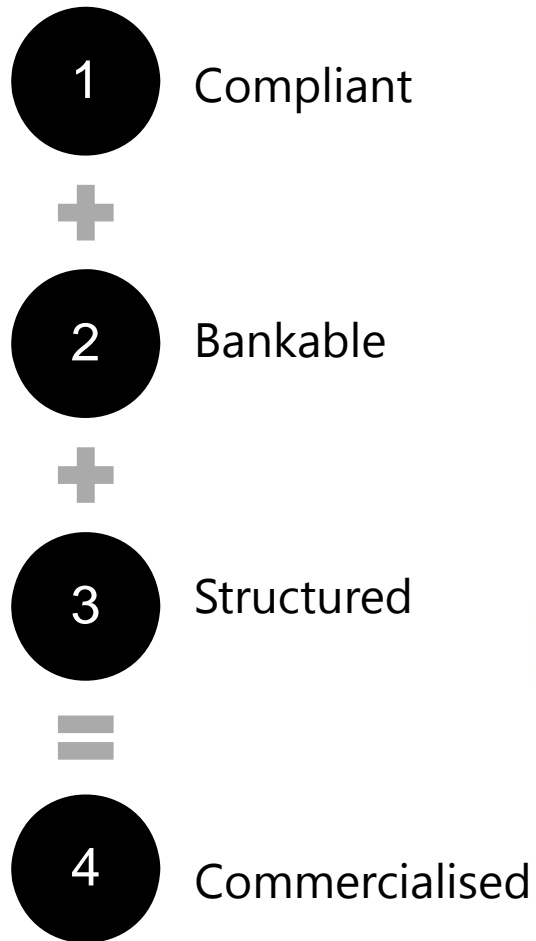
## Energy Strategy

The Peterborough approach:-

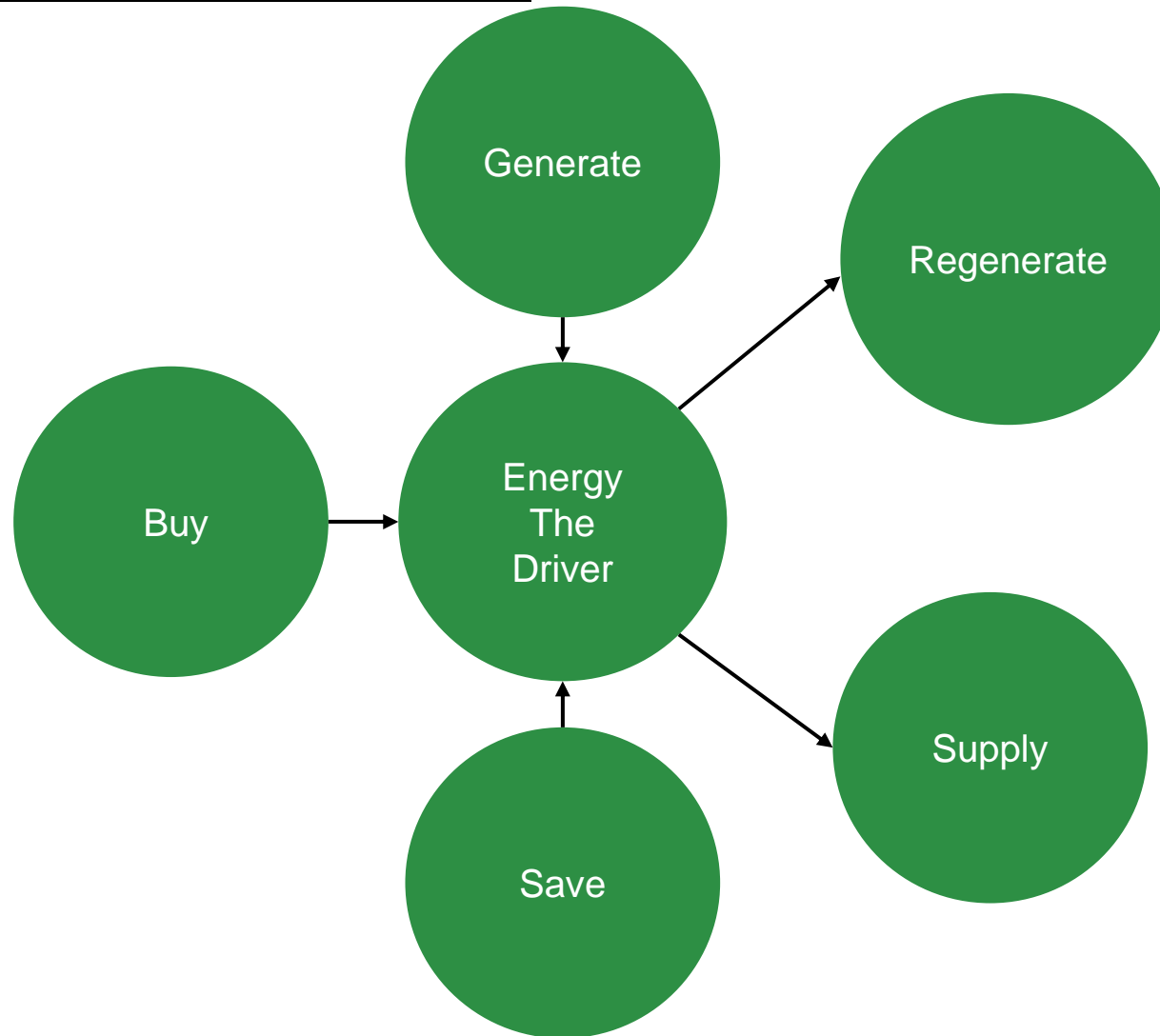
- Generate Renewable Energy
- Reduce Energy Consumption
- Enable regeneration
- Reduce carbon
- AND:
- Get financial benefits to the city
- AND LAST BUT NOT LEAST!!!
- Make and save money!



# Energy resourcing



# Energy : The drivers for the Council



## Energy Update

- MEARS - Annual Profit on current 46 solar PV roof installations of 4.4MW is approximately £400K
- HONEYWELL - £2.6M guaranteed profit on energy efficiency
- EMPOWER COMMUNITY - Free PV Private residential PV install programme (1500 dwellings) £1m profit, £1m community fund and £6.6 million savings for owners (£4400 per home)
- OVO – 1<sup>st</sup> or 2<sup>nd</sup> lowest dual fuel / single fuel tariffs. Lowest prepay tariff. At no cost to council for Peterborough residents.
- GDCF - £13M Investment – DECC Funding, ECO Funding and Green Deal Finance
- AVIC – Strategic Partnership with China - Canopy PV, Street Lighting and Smart city.



**Simon Machen**  
**Director of Growth and Regeneration**  
**Peterborough City Council**



**Case study – making Growth and Regeneration services pay**



## Step 1 – Analyse - the picture in 2009

- Fragmented services
- Poor reputation
- Anti growth culture
- Lack of strategic vision – operational focus





## Step 2 – Transform – a 3 year journey

- Alignment of relevant functions in one directorate
  - planning (policy & applications)
  - building control
  - biodiversity
  - heritage
  - climate change
  - highways & transport
  - drainage and flood risk
  - housing strategy
  - economic development
  - growth delivery vehicles
  - infrastructure delivery
- Review of target operating models
- Systems and process review
- Cultural shift
- Performance management
- Income maximisation (from statutory activity)



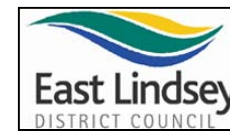
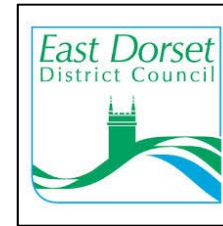
- Less (but better) staff
- Less cost
- Greater efficiency
- More income
- Strong reputation
- Staff retention
- Clear vision & strategy
- Commercial nous
- Developer & investor confidence



## Step 3 – Commercialise – planning & regeneration

### Planning services commercial offer – phase 1

- Specialist provider of planning policy, development management, viability, housing & service transformation support & advice to other councils



### Planning services commercial offer - phase 2

- Expansion of phase 1 in the public sector, plus a wider range of services
- Private sector penetration







## Step 3 – Commercialise - highways

### Highway services commercial offer

- Innovative new partnership with Skanska
- Design & build of highway assets through the partnership for the public & private sector – profit share
- OJEU notice allows other councils to benefit from the contract and avoid costly/lengthy procurement
- First private sector commissions secured



### Peterborough Highway Services

Delivered by

SKANSKA

PETERBOROUGH  
CITY COUNCIL



## Peterborough Investment Partnership

- A new LLP between the Council & the Lucent Group
- Lucent provides capital investment together with planning and delivery expertise
- The Council provides 5 city centre strategic land assets and consolidates its operational estate in new build offices
- Uplift in value is shared between the partners



Partners



## Contacts



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