

Profit with a purpose

Delivering social value
through commercial activity

Overview

In our Enterprising Councils¹ document we explored how councils are increasingly developing innovative commercial solutions to increase income whilst improving outcomes for local residents. Following the publication, we had much positive feedback which has led to the development of this follow up guidance which focuses on some of the practicalities of how councils can deliver social value through their commercial activity.

The best approaches ensure the generation of social value is the primary factor driving commercial activity; from the initial decision to develop a commercial vision to how the approach is developed, and implemented, councils which are pulling ahead ensure social value is placed centre stage.

The following guidance is structured to take you through a considered approach to ensure commercial activity drives social value. Through ‘key questions’ to ask, the guidance supports you to face the challenge of how to undertake commercial activity and achieve greater value for the public purse in ways that better meet society’s needs and outcomes for people and communities.

Starting with an overview of what we understand by ‘profit with a purpose’, the guidance explores different types of social value and the role of councils in driving social value alongside their commercial ambition.

We then progress to look at how consideration and delivery of social value should be practically considered when deciding on whether to embark on commercial activity, the need for social value to be prioritised alongside financial return and the key questions councils should consider when embarking on a commercial initiative.

Following on from this, there are specific chapters on; embedding social value in governance of alternative service delivery vehicles, the role of procurement in contracting services that deliver social value and finally how to contract and performance manage social value through your service providers.

Each chapter outlines the factors that need to be considered and the ‘key questions’ councils should be asking themselves.

In addition, a number of short case studies are provided to highlight some of the innovative commercial practice already achieving results for communities.

Councillor Peter Fleming OBE

Chairman, LGA Improvement and Innovation Board

¹ www.local.gov.uk/enterprising-councils-supporting-councils-income-generation-activity

Contents

Introduction	4
What do we mean by social value?	7
Building social value into decision making	10
Case study: Wirral Growth Company	14
Embedding social value into governance of commercial activities	17
Case study: Futures – Advice, skills and employment service, Nottinghamshire	20
Embedding social value into procurement	21
Case study: WV Living, Wolverhampton	22
Ensuring delivery of social value through effective contract management	25
Case studiy: Cheshire West and Chester Council	27
Case studiy: Ethical Enforcement, East Hampshire	29
Case studiy: CityServe, Birmingham	30
Case studiy: Commercial development, St Albans City and District Council	33
Case studiy: Plymouth Energy Community	34

Introduction

Social value through commercial activity

The funding constraints which councils have faced over the last few years have caused a significant number of challenges. Councils have been grappling with how to continue to deliver positive outcomes for local residents, delivering the services which residents want (as well as the statutory services required by law), whilst also balancing the books as government funding is reduced year on year.

This challenging environment has acted as a driver for creativity, entrepreneurship and innovative solutions across the country. Local government is now one of the most efficient parts of the public sector. Efficiency, value for money reviews, new operating models, eliminating waste, better approaches to managing demand, and the adoption of new digital technologies are now mainstays across local government.

As funding continues to reduce, more commercial approaches are being adopted in order to protect local services. Many councils are looking beyond service efficiencies and actively seeking new revenue streams, recognising the ‘wider benefits’ this activity can bring.

As a concept for delivering public services and social value, ‘commercial activity’ is by no means a new idea.

Throughout the history of the public sector, local government has always used commercial approaches to meet local challenges head on. During the 19th and 20th centuries, councils invested in commercial activity across local areas to create jobs, improve living standards, and generate income to reinvest back into local services. From Manchester Police and Manchester Council opening the cities first gasworks way back in the 1800s enabling the rollout of streetlights, making the city safer, to Belfast Council funding the building of its Town Hall with two years’ worth of dividends from its gasworks. The concept is nothing new.

These operations were often run as separate companies (eg waterworks, gasworks, ports, tramways, markets, telephone exchanges, airports etc) and these companies stimulated new industries, or responded to market failure. The return on investment from these commercial enterprises funded public services, such as parks and libraries as well as helped to reduce local taxpayers’ rates. The legacy and outcomes they achieved increased life expectancy and improved the quality of people’s lives.

Fast forward to today, and we can see this commercial activity is still alive and well. After years of reductions in government grants, many councils are exploring how they can adopt commercial activity to stimulate local economies, increase jobs and deliver social value for their residents.

Councils are finding that commercial operating models can make services more responsive to residents' needs whilst also improving the quality of the services provided. Commercial approaches can enable councils to facilitate the delivery of services that the market does not supply or provide services at risk of not being otherwise feasible. They can also allow councils to provide an affordable alternative for people if a lack of competition has inflated local prices or left gaps in the market. New discretionary income generating services can provide residents with more choice.

Councils' commercial activity can provide a catalyst to bridge the increasing funding gap whilst also delivering 'wider' social value, providing that commercial initiatives create profit with a purpose. That profit is developed with due regard to supporting, enhancing and enabling the outcomes a council is trying to achieve for its residents. Purpose is realising this 'wider' social value, to enable savings across the whole system.



What do we mean by social value?

Social value, social outcomes and social benefits are terms that are often used, sometimes interchangeably, to describe the positive outcomes achievable for communities. This section explores what we mean by these terms and why it is an important consideration for commercial activity.

Since the Public Services (Social Value) Act came into force in 2013, councils and providers of public services have been obliged to think about how they can secure wider social benefits from their activity, not just the immediately obvious cost or financial return.

But what do we mean by 'wider social benefits'? Social Value UK define social value as 'the quantification of the relative importance that people place on the changes they experience in their lives.' The actions, including the commercial actions, of a public organisation, influence and affect people's lives in different ways. Decision-makers should understand the wider social value of their actions and decide what social outcomes they are seeking to achieve, prioritise which social benefits they will manage through their actions as well as to what extent. All of which comes back to the organisation's overarching aspirations and priority outcomes.

Social value is created when we bring together the social, environmental and economic benefits of an activity.

These three factors individually or combined; social, economic and environmental have a quantifiable and measurable outcome that can be equated to a monetary value.

The social value elements could be about increasing assets (economic), resilience and reducing liabilities within communities (social and environmental), whilst also looking at capturing the physical and emotional importance (social) to individuals that these changes might make. This could be employment opportunities and skills development, supporting a local charity thorough providing expertise or donations, reducing CO₂ admissions through your fleet or many more. The following table provides some more examples of social value.

Examples of social value

Jobs, skills and employment	Example social outcome	Example of how commercial activity can support outcome	Example social values of activity
	More local people in employment.	Public Service contracts can specify levels of expected employment from the local area during a procurement process.	Getting more local people into jobs reduces unemployment and associated value (eg poor health and welfare claims).
	More opportunities for disadvantaged people.	Public service providers (whether Local Authority Trading Company (LATCO), outsourced or commissioned) can provide work experience, training or employment opportunities for disadvantaged workgroups.	Getting disadvantaged workgroups into employment can wider values, for example, giving adults with disabilities increased independence and reducing care costs.
Developing the local economy	More opportunities for small and medium enterprises (SME's), voluntary, community and social enterprises (VCSE) and local companies.	Public service contracts can include local supply chain targets, supporting development/mentoring of local organisations as part of tender opportunities.	Providing opportunities for local companies to thrive creates jobs, builds communities and brings investment.
	Improving staff wellbeing.	A commitment from those providing services (whether LATCO, outsourced or commissioned) to reduce absenteeism, recognise workplace mental health and support community engagement.	Focus on staff wellbeing reduces absenteeism, keeps people in work and healthy, which in turn positively values demand on health and care services.

Healthier, safer and more resilient communities	Example social outcome	Example of how commercial activity can support outcome	Example social values of activity
	Creating happier and healthier communities.	Recognising the corporate social responsibility of public sector service providers (whether LATCO, outsourced or commissioned) and developing initiatives accordingly eg employee volunteering, fundraising or initiatives to tackles key challenges (eg crime or homelessness).	The corporate social responsibilities of providers demonstrates a commitment to supporting local priorities, challenges and needs of local communities alongside commercial activity.
	More working with the community.	A commitment from those providing public services (whether LATCO, outsourced or commissioned) to engage local communities in service delivery and promote social integration (eg work opportunities for disadvantaged).	Engaging local communities in public services means that services are designed to meet local needs and provide opportunities for local communities to engage in their success.
	Climate values are reduced/air pollution is reduced.	Percentage of procurement contracts that include sustainable procurement commitments or other relevant requirements and certifications (eg to use local produce, reduce food waste, and keep resources in circulation longer.)	Climate values of public service providers can have financial benefits (eg reduced energy costs), environmental benefits (eg reduced waste, re-use and recycling – saving landfill cost and value) but can also have a wider benefit, eg on public health and respiratory diseases through air pollution ultimately reducing pressure on health and care services.

Building social value into decision making

This section explores the importance of ensuring social value is placed at the centre of decision making when considering new delivery models or commercial activity. This ensures all opportunities (financial and non-financial) can be identified, actively monitored and delivered.

Councils up and down the country face the same challenge daily – how to allocate scarce resources in ways that meet society's needs and deliver better outcomes for people and communities. Delivering efficiencies, helping communities to become more independent, managing demand and changing ways of working are fundamental to address this challenge.

Using scarce resources to deliver social value for our communities is at the heart of good decision-making.

Having a clear idea of the desired social outcomes required from decisions, together with a judgement about whether those outcomes are the right ones or worth the investment needed to make them happen, ensures that they are more likely to be delivered.

This is particularly the case with commercial activity. Exercising structured approaches to decision making, based on sound evidence and robust due diligence, ensures opportunities and risks can be proactively managed.

Exploring and agreeing the purpose, and social value intended, beyond the immediate financial return, ensures the commercial activity will be consistent and aligned with an organisation's overarching aspirations and priority outcomes. It also ensures that the social value elements can be built into the council's processes, plans and reporting to ensure it is proactively delivered and reported on.

It is important to be clear about what these outcomes are in the short, medium, and long term, and be clear on the value these outcomes will add, and how commercial activity will help achieve this.

Framework for decision making

Quantification of social value and the relative importance of the material changes in people's lives caused by the actions, including the commercial actions of an organisation, is central to effective decision making.

Collating evidence and asking the right questions will provide assurance that the decision to operate in a more commercial manner is the correct one for your local context. It also means that all opportunities to leverage social value will have been reviewed.

Councils should consider how their commercial activity will bring social value to the following:

- those directly in receipt of services
- wider residents, communities and taxpayers
- the local economy and business
- the environment.

There are numerous different approaches available for managing social value, for example Social Return on Investment (SROI) and Social Cost Benefit Analysis (SCBA).²

Social Return on Investment is an evaluation technique that is designed to capture social, economic and economic value. It has some roots with cost-benefit analysis, but it has a stronger emphasis on social impacts and the contributory factors to achieving outcomes. This means it can focus on what matters to people that use services and measure change in a way that can inform decision making at an organisational level.

Cost Benefit Analysis is a well utilised evaluation technique in the public sector by systematically evaluate the value against the cost of a decision. **Social Cost Benefit Analysis** introduces the concepts of social value and environmental sustainability into the balance sheets of cost-benefit evaluation models. This is useful for projects, programmes or policies that have both socio-economic and environmental components.

Each approach can help with the following questions for council decision-makers to consider.

What outcomes are you trying to achieve?

The first thing to be clear about is what you're trying to achieve. What problem are you trying to solve? Through your priority setting, needs analysis, commissioning process or policy decisions in relation to planning or working in partnership, having a clear understanding of the outcomes you are seeking is paramount. Many councils articulate this through an outcomes framework.

Your commercial activity should be fully aligned to this. If you don't spend time thinking about how your commercial activity aligns to the social outcomes at the start of the process, then opportunities can be missed, or you can create a negative value through your commercial activity. For example, your activities could take resources that could have been used elsewhere or distract people from their focus.

A common mistake is to discuss what an existing service could look like if they acted more commercially, rather than starting with a discussion on the outcomes desired. Starting with outcomes ensures a golden thread is maintained between the desired goals and the commercial approach which is being considered. It can also unlock more creative solutions.

An outcomes-based approach ensures commercial activity aligns to the core purpose and ambition of the council whilst delivering the practical benefit that it can be incorporated into evaluation models.

How will our commercial activity achieve social value?

Whatever outcomes you are trying to achieve, the next step is to understand how your commercial activity will help you achieve it. This could be contracting services to meet specific strategic needs and including social value as part of the award criteria (see the procurement chapter), establishing trading companies with social purposes (eg community interest companies) or taking policy decisions to reinvest income for specific social benefit. It is always possible to measure and reference social value in some way. The critical question is whether the commercial activity being considered creates as much social value as possible given constraints and the resources available.

2 More information on Social Return on Investment and Cost Benefit Analysis can be found through resources published by Social Value UK www.socialvalueuk.org

A key focus should be how stakeholders who may be affected or benefit from commercial activity have been involved in developing the options which are being considered. This is sometimes referred to as co-production.

Collaboratively developing options with stakeholders enables their voices to shape proposals, leading to better outcomes.

Who experiences changes in their lives resulting from commercial activity?

Commercial activity may result in a range of outcomes for different stakeholders – some positive, others could be negative. It is important to identify stakeholders early in the process and consider the consequences of commercial activities across each stakeholder group. The following questions can help develop your understanding of stakeholders:

- Who do you expect will be affected by your commercial activity? These are your intended beneficiaries.
- Who else might be indirectly affected by your commercial activity? Can you think of any other people who may be affected by what you do?
- Who might experience a negative outcome as a result of your commercial activity? Will commercial activity have any unintended consequences?

A common mistake occurs when stakeholders who may be negatively impacted have not been considered or where stakeholder analysis does not happen on an ongoing basis. Decision-makers should seek assurance that all those affected are identified and that any social value gained through commercial activity is captured and any being lost is not ignored.

How will you ensure delivery of the social outcomes?

The decision-making process should take account of how the council will ensure social value will be delivered on an ongoing basis once the decision to embark on commercial activity is made. It is important to ensure the mechanisms are understood to ensure the delivery of the agreed social value. This may require the allocation of council side resources, which should be incorporated into the business case so they can be costed and budgeted for.

Any social values which were included in the business case for commercial activity should be translated into practical steps to ensure delivery.

If a procurement is involved, then the social value from the business case should inform the bid evaluation model, financial envelope, commercial model and contract and performance management framework. If the commercial activity involves internal services, then due consideration should be given to the social value elements in the service's performance management framework. Likewise, if it's a joint venture or council owned company, consideration should be given to how the council as shareholder (signing off the annual business plan) or commissioner (through the contract price, contract mechanism and performance management framework) can ensure the delivery of the social value sought.

Resources should be allocated to ensure ongoing monitoring and to encourage a culture which sets the tone that social value is important on an ongoing basis.

How will you measure what matters?

Some outcomes could last for a person's lifetime, others may only last a short time. Short-term outcomes may still be important if, for example, they are valued by stakeholders. Therefore, you need to decide how long to collect data for. For example, if a social value of establishing a Local Authority Trading Company (LATCO) is increased employment of local people or paying the living wage – what constitutes a local person or a living wage? How long does the employment need to last? There is a risk that if people lose their jobs shortly after employment, or decisions are taken to make employment unviable (eg paying too little), no social value is being created, and in fact, could be reduced.

When taking decisions you should be confident that ongoing monitoring and reporting of social value is planned and executed. Commissioners will need to be able to check that reported social value is an improvement over a baseline position, provides additionality on an ongoing basis, and have considered implications if performance is not agreed.

Being clear from the onset how any surpluses will be utilised ensures there is acceptance amongst stakeholders.

Key questions/ considerations:

- Are you clear on what outcomes you are trying to achieve for your residents?
- Are your enterprise activities aligned to your outcomes?
- Are you clear on how your enterprise activity achieves social value?
- Are you clear who will reap social value from your enterprise activity?
- Are you confident you can deliver social value through enterprise activity?
- Are measures in place to ensure you deliver social value?
- Are you clear on how commercial return will support social value?

How will you achieve the balance between social return, a sustainable model and commercial return?

Decision makers need to be clear about the purpose of commercial and profit-making activity – and ultimately where any profit or return from commercial activity (ie trading companies) will be directed. Council's need to be clear and up-front about the 'money flows' from commercial activity. For example, profit generated through a LATCO may be reinvested back into social value related to the cohort the company serves, alternatively it may be about supporting the wider council agenda and may in fact be directed towards other broader council priorities.

Case study: Wirral Council Wirral Growth Company

The catalyst/driver for change

When the chief executive joined Wirral Council three years ago, he quickly recognised the importance of having a clear vision for what the council was trying to achieve. Officers, members and residents co-produced a clear vision for Wirral based on three key themes:

- protecting the most vulnerable
- driving economic growth
- improving the local environment.

These were translated into twenty pledges and outcomes. All activity the council embarks on is measured against their contribution to these priority outcomes.

With reduced funding, the council recognised the opportunity to increase revenue generating opportunities through enterprising activity, with clear recognition that any opportunity should be aligned to its twenty pledges. The council realised that to do this it needed to deliver benefits felt across Wirral and throughout the region but to succeed, it needed the active and ongoing participation of local businesses, communities and other partners to be part of delivering significant and sustainable economic development and growth.

What is the council doing?

As one of the UK's largest urban boroughs, Wirral Council possesses a diverse range of assets and qualities which it intends to capitalise on to achieve its vision for how Wirral will continue to prosper in an ever-changing world.

The council decided to launch an ambitious new regeneration vision. It wanted to accelerate growth and expand opportunities for people across the borough, bringing new life and investment into their communities.

The council recognised that if it needed that to bring to life a new regeneration vision for Wirral, it needed a new dynamic organisation to deliver it.

It felt that a new way to deliver regeneration would be through a joint venture with a leading development and investment partner with the skills, track-record and resources it needed to drive future growth and prosperity.

After talking to numerous leading UK and international development partners, a contract was placed with Muse, who were seen as the one who could best match their ambition and vision. Wirral Growth Company was therefore created to help change the face of Wirral and deliver at a new scale and at a new pace.

In the first three years the company plans to bring in £260 million of private sector investment. This will earn the council a dividend, council tax revenue and business rates. Earnings will be worth £6 million next financial year, £8 million the following year, and £12 million the one after that. The council has decided to adopt an approach to regeneration in a way that earns the council revenue.

Primarily the purpose of the company is to enable the council to use its assets to secure local economic growth, community and environmental benefits and to provide long term sustainable income streams for the council.

Key benefits and results

It will give Wirral Council and Wirral residents a chance to share in the returns of major development projects and re-invest those funds and income streams in our communities and essential services.

It will provide a strategic vision and delivery capacity to realise the unique potential of Wirral, its key sites and people.

It will help us to unlock the potential of council-owned sites and buildings to kick start regeneration and investment.

It will bring benefits to our coastal communities in north and west Wirral, add to the warmth and character of towns and villages across the peninsula, and reposition Birkenhead, its waterfront and town centre, as one of the most attractive investment opportunities in Britain today.

Key learning points

This is a fresh start recognising that the council needed more than a piecemeal approach and short-term thinking. It meant building a long-term partnership that could renew and re-energise key sites and communities across Wirral – a partnership that could unlock the massive potential of the area, could re-imagine and remake our town centres, and breathe new life into its neighbourhoods. It was recognised that this would take good leadership, vision, a collaborative approach, commitment, and hard work.

For more information

Kevin MacCallum

kevin.maccallum@wirral.gov.uk

www.wirral.gov.uk



Embedding social value into governance of commercial activities

Adopting robust governance arrangements ensures that the focus on social value is maintained throughout the life of the commercial venture. This section explores the different roles and responsibilities involved in directing, specifying, monitoring and delivering social value through commercial activity.

Councils across the country and the UK are adopting alternative delivery models (ADMs) to deliver social value. These may be local authority trading companies, shared services, joint ventures, community interest companies, charities, joint ventures, social enterprises to name but a few³. Some of these organisations will be social purpose organisations whose day-to-day business delivers direct social value, whilst others may indirectly deliver benefits through job creation, better services or delivering a return to the council which can be reinvested in services.

Getting the governance right is integral to ensuring the new delivery model delivers the desired outcomes. It creates the unity of purpose, appropriate levels of council oversight and freedom of action needed by entrepreneurs, to deliver the desired financial and social outcomes.

The decision-making process should clearly articulate the governance framework and at a minimum the roles and responsibilities of each party responsible for defining, monitoring, scrutinising and delivering the social value sought.

Good governance and the role of effective scrutiny improves the strength of decision making, both at the point of deciding to create a commercial venture, as well as an ongoing basis.

Councils should develop a clear mechanism and governance framework which operate within the parameters of their constitution and company law. The governance framework should clearly articulate the role of officers, councillors and scrutiny in establishing and managing different delivery models and/or the outcomes they are delivering.

The decision-making process should clearly articulate the governance framework and at a minimum the roles and responsibilities of:

- the shareholder
- the commissioner (where a council is purchasing services from the new delivery model)
- contract and performance manager (where a council is purchasing services from the new delivery model)
- the supplier (in the case of a LATC, the company directors).

Clarity on roles and responsibilities and the mechanisms and levers of influence at the outset is of primary importance. The levers available to these roles will be crucial to demonstrating social value alongside commercial success.

³ Further details on delivery models can be found in the LGA's 'Enterprising Councils' publication – https://local.gov.uk/sites/default/files/documents/11%2054%20LGA_Enterprising_Councils_09_Web.pdf

The Shareholder

Shareholder responsibilities, spans of control and influence vary depending on the delivery model chosen. Where the council is a shareholder, it will be responsible, along with any other shareholders for working with directors to support the strategic direction of the company. This may include ensuring:

- that the vision of the company and its values are aligned with the outcomes sought
- that (in line with company articles of association) profits and surpluses are invested and utilised in the right way
- the annual plan meets shareholder requirements
- signing off matters are reserved to the shareholder.

For shareholders, this presents an opportunity to ensure that the organisation delivers wider social value. In addition, democratic accountability could be through the shareholder role which could feed into existing overview and scrutiny arrangements.

As a shareholder, you should ask:

- Does the strategic direction of the company/service align to the council's priority outcomes?
- What social value has the council commissioned and what social value is expected through the reinvestment of surplus, or day to day operations.
- Does the shareholder and company board representatives meet to discuss how they can work together to create value?
- Does the business plan explicitly state what social value will be delivered?
- How does the company performance feed into the council's scrutiny arrangements? Is it through a shareholder role and/or a contract reporting role?

The commissioner

It is the responsibility of the commissioner to define and articulate, in the form of a service specification, the nature and scope of services required, including the outcomes sought, standards expected, parameters of operation and key performance and quality targets.

For commissioners, this presents an opportunity to think creatively about how to maximise the organisation's purchasing power and to consider the wider costs and benefits of each commission beyond the financial (eg the value on communities, citizens, service users, environment, economy etc). It will be important to develop methods of assessing social value that are transparent and easy to understand, so potential suppliers are as aware of the social benefits they are expected to deliver as they are of financial considerations.

As is the case when purchasing services from the independent sector, consideration should be made as to how to incentivise the right behaviours to drive the social outcomes being sought. It is important that commissioners conduct due diligence around the potential cost (or minimum costs) of delivering services and ask what constitutes a reasonable contract price in the local context. Without this, unnecessary unrewarded risks are introduced.

As a commissioner, you should ask:

- Does the service specification articulate the outcomes to be achieved?
- Are you clear on how these outcomes will be measured?
- Is social value deliverable within the scope of the service?
- Do suppliers have the mechanisms to deliver social value?
- Have you appropriately incentivised providers to deliver social value?
- Have you articulated consequences for non-delivery of social value?

Contract and performance manager

Where the council is purchasing services from an alternative delivery model, formal contract management processes should be implemented and reported against from the outset. The contract provides a key tool to ensure social value is leveraged from commercial activity and sets out how the performance of the company will be monitored. The council will specify the social value it wants to achieve over the term of the contract, along with a performance monitoring process for these services.

The contract manager establishes a performance management framework (PMF) as part of the contract development. The PMF, aligned to the desired outcomes of the service specification sets out what the company will be measured against, along with key performance indicators (KPIs) and targets to be achieved. The contract manager performance manages the company to ensure that it can deliver the outcomes stipulated in the contract.

As a contract and performance manager, you should ask:

- Are there clear contract performance mechanisms in place?
- Is there a PMF as part of the contract?
- Does the PMF clearly articulate what the measures will be, the KPI's and targets?
- Are there mechanisms in place to measure the KPIs?
- Are incentives for on-target delivery/exceeding targets understood and form part of the contract?
- are penalties for non-delivery understood and form part of the contract?
- are you clear on how you will communicate success / non-delivery?

Company directors

Alternative delivery models are run by a board of directors who are responsible for the running of the company. They set the vision and objectives of the company, shape its values and articulate a business plan to achieve those objectives, whilst overseeing delivery. The board of directors have statutory responsibilities to represent the best interests of the company.

Where a council is a material shareholder, it should work closely with the company board to ensure business plans deliver the financial and social value sought from the organisation, whilst at the same time recognising that the board runs the company (and has a statutory responsibility to act in its best interest).

Day-to-day management of the company would be led by a senior management team (including a managing director), who would report to the board of directors. The management team play a vital role in ensuring the delivery of the business plan, its financial and social objectives, and to ensure day-to-day activity is aligned to the stated ethos and values of the company.

As a company director, you should ask:

- Are you clear on what social value shareholders and commissioners expect?
- Is there agreement on what elements are commissioned through the contract mechanism, what elements may be through reinvesting surplus and what elements are through day to day operations?
- Are you clear on how you will be measured?
- Do your plans include how you will deliver social value?
- Do you have monitoring processes in place to evidence delivery of social value?
- Is your management clear on their role/responsibility in delivering social value?
- are you taking all opportunities to leverage social value as a competitive advantage and unique selling point?

Futures – Advice, skills and employment service

The catalyst/driver for change

After starting out in 1995 as a council careers service, Futures has responded to local need and evolved into an outcome-driven, all-age advice, employment and skills leader, delivering ‘outstanding’ Ofsted-rated services.

What is the council doing?

Futures is a not-for-profit company owned by Nottingham City Council and Nottinghamshire County Council and exists to make a positive difference to people’s lives by enabling them to realise their full potential in employment, education and training through increased confidence, awareness and skills. Their mission is “unlocking potential in people of all ages. Future thinking, focused on leading change in careers, advice, skills and training”.

Employment and skills are a cornerstone of the council plan ‘Your Nottinghamshire, Your Future’ which is focussed on increasing the number of jobs in the economy and ensuring that businesses can access the skilled workers they need, both now and in the future.

The service was rated ‘outstanding’ in its Ofsted inspection in 2017 for the delivery of the National Careers Service. Despite reductions in funding over recent years, Futures has been successful in winning external contracts to enable a high quality service for local residents to be provided.

In 2014, Futures successfully won the contract to deliver the National Careers Service for the East of England, during this time they also expanded and opened premises in Leicestershire.

Futures also provides support to local employers to unlock the full potential of the Apprentice Levy, securing funding, identifying the right training and approaches for the employer and employee to develop those skills for the individual and organisation.

Key benefits and results

Futures engages with 7,800 Nottinghamshire residents per year and has engaged with approx. 6,250 Nottinghamshire businesses/employers including SMEs/sole traders and large businesses.

Futures has implemented bespoke preventative measures that are helping behaviour change by tackling grass roots issues for individuals. There is clear evidence and figures showing the value Futures has had on the local economy and citizens and employment rates.

The three-month average for those not in education, employment or training (NEET) and ‘Not Known’ in Nottinghamshire (October-December 2018) was 5.7 per cent for the academic age years 12-13 cohort. This compared to 7.7 per cent for the East Midlands Region and 9.6 per cent for the England average.

Successfully opening doors and tapping into other funding opportunities to help support the funding and delivery of services.

Turnover of £17.7 million for year ending March 2017 and £18 million year ending March 2018.

Key learning points

The need for strong governance and leadership that share a common sense of purpose. The right balance of political, business and outcomes focused model has enabled Futures success.

The social enterprise model has helped with the barriers a council would encounter, so it is able to look to grow via other contracts and have more places to explore or tap into funding avenues that the it might not have been able to explore, expanding products to offer to individuals and to make a positive difference in Nottinghamshire.

For more information

Sandra Cowley

sandra.cowley@the-futures-group.com

www.the-futures-group.com

Embedding social value into procurement

Key mechanisms for ensuring that social value is attained through procurement include having a social value policy that is reflected in your corporate strategy and a commissioning model that builds social value into each stage. This section explores key considerations for achieving social value together with the benefits that can be achieved.

The LGA's National Procurement Strategy 2018 considers social value under the 'Achieving Community Benefits' theme. The toolkit, published alongside the strategy, identifies the high-level principles and behaviours that can be adopted in relation to social value in the procurement process: www.local.gov.uk/national-procurement-strategy

Councils are encouraged to consider using national themes, outputs and measures (TOMs) in their procurement activity, as the basis of measuring social value:
www.socialvalueportal.com/national-toms

Social value is about improving economic, social and environmental wellbeing from public sector contracts over and above the delivery of the services directly required at no extra cost. Used properly, additional social value can be beneficial to both suppliers and councils and represent a joint effort to exploit maximum value from procurement.

Experience from procurements let by councils that have fully included social value requirements has shown that a minimum increase of twenty per cent social value 'additionality' can be obtained on contract value by way of direct community benefits.

Whilst social value can be achieved through the letting of contracts, the council has a much wider role to play in ensuring social value is attained. Social value requirements should be set out in the council's corporate strategy and considered at each stage of the commissioning process. Social value outcomes for each contract should be informed by market knowledge to understand what the market can deliver.

To achieve social value through procurement, you should consider:

- articulating the outcomes you would like to achieve
- using national themes, outputs and measures (TOMs) in your procurement activity, as the basis of measuring social value
- including social value in your corporate strategy, soft market testing, and commissioning discussions
- asking the market what social value they can provide against your required outcomes; you are likely to achieve more than through being prescriptive to a single requirement
- ensuring social value is reflected appropriately in the tender scoring mechanism
- ensuring social value commitments are contractual and measurable
- always having a clear perspective of the financial benefit of the social value you are achieving – this will help to make the right strategic decisions.

CASE STUDY: City of Wolverhampton Council

WV Living

The catalyst/driver for change

The company was set up to help deliver the best outcomes for the council in terms of both strategic housing requirements for the area and also an income generation to help sustain the council going forward. The private market just wasn't delivering at a quick enough pace to meet housing demand in the city, or providing affordable housing. The private market profit margins are around 20-25 per cent which squeezes viability on brownfield sites.

What is the council doing?

WV Living is a Wolverhampton-based and Wolverhampton-focused house building company owned by the city of Wolverhampton Council. It aims to deliver and design affordable and desirable homes across the city on well-positioned sites. Its mission is "to design and build homes you will love".

WV Living's aim was to tackle sites that the private sale and rent market were not delivering on, so council-backed intervention was needed within the city. The company runs on a number of internal service level agreement arrangements to ensure the company has the right experts and abilities within the team. Governance is provided by a Board of Directors made up of senior managers from the City of Wolverhampton Council.

To ensure the company's value goes beyond the bricks and mortar, WV Living builds into its contracts that the selected contractor must employ local people, taking on apprenticeships to build up skills within the construction trades, and providing economic growth and employability back into the communities.

They have a five-year programme that aims to deliver:

- 1,000 units – increase new builds for the housing market
- market rent – to build up quality in a poor private market within the city
- building communities within areas where there is unmet demand for property, on land that is not viable for the private housing sector due to risk factors such as contaminated land
- seeking funding opportunities through the government such as Help to Buy, and working with the council on shared ownership schemes
- regeneration of neighbourhoods to build appeal and promote other investment opportunities for the city from local and national businesses.

Key benefits and results

- Pump prime the new build housing market in the city.
- Accelerate the development of much needed new homes.
- Provide additional council housing for the Housing Revenue Account (HRA).
- Provide new market rented homes for families who cannot afford deposit towards purchase, not currently available in the city in the quantities required.
- Opportunity to support regeneration programmes.
- Bring sites into use that might otherwise not be developed.
- Provide local jobs and training including work and opportunities for private sector builders and professional services.
- Provide and bid on Help to Buy grants for first time buyers.
- Develop homes on council owned land financed through prudential borrowing.
- Build new homes outside of the HRA.
- Generate revenue income to the general fund through lending at market rates.

- Ensure affordability and appropriate risk management through managing scheme viability and demand.
- Generate capital receipts for the general fund.

Key learning points

- It's important to recognise this is an evolving process and it doesn't happen overnight.
- Be willing to take some risk, as it's not going to be perfect from the outset – so testing and learning is required through the journey that the business takes.
- Resources should be considered, to ensure you are fully aware of your business model and requirements, and those resources should be aligned internally or committed for example legal, estate, planning advice and building development.
- Knowing the line between council and company activities, and the relationship between the two, even though council officers are acting for both organisations.

For more information

Kate Martin

kate.martin@wolverhampton.gov.uk

www.wvliving.co.uk



Ensuring delivery of social value through effective contract management

Robust contract management is a key mechanism to ensuring social value is achieved. This section explores how social value can deliver benefits to all parties and what role contract management plays in achieving this.

Once a contract is let (whether that's to the market or to a new delivery model/company) then it's important that the social value element promised through the decision making process and/or the tender phases of the project, is delivered through robust contract management.

It is strongly recommended to identify during the pre-procurement stage who will be responsible for contract management of the service. The earlier they can be engaged in the procurement process, the more seamless mobilisation and implementation of contract management will be. This is particularly important for areas such as social value where the focus in the early months can be on quality and transition and social value can become an afterthought.

Social value can be a real enabler for providers in ensuring their service is fully embedded. It can become part of the rationale for using the service and for discouraging and preventing off-contract spend. This is the case for some areas of spend, where it is difficult to fully 'switch off' other providers. Recruitment agency spend is an example of this, where most councils will have a lead partner organisation but may at times have to go 'off-contract' to secure agency staff in hard to fill posts.

With these types of services, communicating the benefits of social value achieved through procuring 'on-contract' can help in the cultural shift. Contract managers need to think wider than measuring KPIs and understand what communication messages could and should be shared to promote the social value outcomes achieved through the contract.

Along the same lines, as social value is linked to spend and successful application of the contract, delivering social value through effective contract management means working proactively with the provider to explore how the contract is being used and if it is being used to maximum benefit. This may involve promoting the contract in new areas and increasing the level of spend that is captured through it. This would be particularly relevant in contracts such as facilities management (FM) where the service may be delivered to additional areas such as leisure facilities and schools where the initial use had only been corporate buildings. Provision for growth must have been included in the contract and tender notice and increasing the use must deliver value for money in each scenario. Seeking win/win opportunities with partners moves contract management into the space that really delivers value for all parties.

Assuming social value has been procured effectively, the provider will have social value contractual obligations that are equally as tangible as the service outcomes it has committed to. Whilst many of the mechanics will have been set out at the procurement stage, contract management has a role to play in setting out an approach to managing deliverables including social value to ensure the council achieves the maximum benefit from the arrangement.

A common mistake during implementation of a new contract is for parties to focus on the quality and commercial aspects of the contract, with the social value deliverables de-prioritised. It is important to contract manage all the deliverables, including social value and ensure the provider is delivering against their commitments.

The Social Value Portal has developed a guide for social value and contract management that can be downloaded from: www.socialvalueportal.com/performance-contract-management

To secure social value through contract management, you should ask:

- Are you applying the same contract management approach to social value as to managing quality and financial performance?
- Are you celebrating social value success? It is a great way of gaining buy in to your service model. Communicating success to local residents enables a shared understanding of the added value delivered through the commercial activity
- Do you have a clear perspective of the financial benefit gained from the social value you have secured?
- Have you explored what shared benefits social value delivers for all contracting parties? This can be particularly important for long term, successful partnerships.

Communicating social value

- Performance monitoring and measuring the social value of your commercial activities is key for councils who want to credibly claim that social benefits result from their commercial activities – but this is largely a technical activity driven through contract and performance mechanisms. Communicating social impact proves that the actions of the council are consistent with their values and this is backed up by tangible facts.
- Marketing, communications, engagement, campaigns and corporate reporting focussed on social impact or social value delivered, both internally and externally shows how the council's actions make a meaningful difference to the lives of service users, residents, employees, suppliers and other stakeholders.
- When thinking about how to communicate the social value derived from commercial activities, think about:
 - how social value forms part of your marketing, communications and engagement plans
 - how social value forms part of your regular performance reporting for different audiences (management, political, employee, public)
 - how you will back up your social impact with facts and data
 - how you will engage those affected and tell their story
 - how you will make your reports and metrics meaningful and bring social impact to life
 - how you will communicate and deal with negative social impacts deriving from your actions
 - how you will communicate learning and change from the social impact you have
 - how communicating social impact will build, support and encourage others to share your values, goals and desired outcomes.

Cheshire West and Chester Council

Following a procurement exercise, a new joint venture (JV) was formed by the council and Engie. The JV went live in May 2015 trading as Qwest. Annual turnover is currently around £15.7 million per annum. The JV company delivers the following services to the council:

- cleaning and facilities management
- building maintenance
- property and project services
- customer services and business processes
- capital works
- energy management and innovation
- digital innovation and transformation.

What is the council doing?

Service delivery is set out in a ten year contract between the council and Qwest.

The contract includes performance measures for all service areas and a value for money benchmarking mechanism.

Qwest is a framework service provider. Public bodies across the UK can purchase services from the company, confident they are getting value for money and quality service without the need to undertake a lengthy and expensive procurement exercise.

Legal and governance

Engie has effective day to day control of the company. The council can influence the strategic direction through the reserved matters. The company fully engages with the council's reporting and scrutiny processes as well as those of Engie.

About Engie

ENGIE is one of the world's leading energy and service providers. With annual revenues of over €69 billion and 155,000 people around the world, this means Qwest has the financial backing and scale to deliver on its commitment to investment in services, value for money and service quality.

Approach to contract and performance management

The council has a contract management team responsible for managing major contracts and partnerships. In contract management terms, Qwest is managed with the same rigour as any other major supplier.

The contract management team were part of the procurement process and led on the discussions and development of the performance management framework. This early engagement helped to ensure that the right contract mechanisms were in place from the beginning to ensure the company delivered the desired outcomes and that the contract could evolve with the council's changing needs.

Key benefits and results

The JV is a good example of effective commissioning and procurement that enables the market to put forward its best offer, capturing commercial, quality and social value benefit.

The company has delivered the contractual savings targets and continues to consistently deliver against its performance targets. Qwest has developed a commercial framework that provides the council with additional flexibility to commission additional services from the company.

Key highlights include

- Savings targets delivered.
- 92.5 per cent external customer satisfaction.
- Transformed and modernised the council's business support operations.
- Driving the council's digital programme. 50 per cent of services will be digital by 2020.
- A risk based approach to asset management.
- Delivered key capital projects such as street lighting replacement.
- Launch of Qwest Energy in September 2018 as a domestic energy supplier to local residents.

Social value elements delivered in 2018 included:

- 10 per cent of capital work net profit allocated to social fund
- 906 volunteering hours
- 1,204 Work experience hours
- 10 apprentice roles created
- £14,044 raised for local and national charities.

- External growth – a realistic view of the ability of the company to generate new income streams.

For more information

Ben Cummins, Managing Director
enquiries@qwestservices.co.uk
www.qwestservices.co.uk

Key learnings

There are a number of contributing factors to the success of the Qwest joint venture.

Some of these include:

- Early engagement with the market – this is the most effective way to understand what your solution may look like and how best to achieve it. Engagement with the market is encouraged under the regulations, but it is still an area that some councils are apprehensive about.
- Collaborative procurement approach
 - the council used the competitive dialogue process. Under the 2015 regulations, there are several options. The key is choosing a process that enables you to secure the best deal from the market and ensuring you have the capabilities in place to manage the procurement.
- Effective contract management – the early involvement of the contract management team has been a key part of the success of Qwest. For councils that do not have a contract management function, this would need to be a key consideration in appraising delivery models.
- Social value outcomes – the market was able to propose its social value offering. This formed part of the contractual service to be delivered. This flexible approach has enabled Qwest to deliver a wide-ranging social value contribution, drawing on the different offerings that Engie could provide. It has given the partnership a really tangible way of sharing with residents and staff the additional benefits that it delivers.

Case study: East Hampshire District Council Ethical enforcement

The catalyst/driver for change

England is a beautiful country, but it is tarnished by the persistent blight of litter. A clean, healthy environment is good for us and for our economy. It plays an important role in improving our wellbeing and it helps our businesses to be more successful.

Street cleaning in the UK costs the taxpayer almost £800 million a year. Imposing avoidable costs on the public purse and drawing money away from other priorities. Across the UK, 81 per cent of people are angry and frustrated by the amount of litter lying all over the country (Populus 2015).

Enforcement forms a key component of a wider strategy campaign that includes education, awareness, infrastructure and cleaning. Issuing fixed penalty notices (FPNs) is extremely challenging work; every ticket is issued face to face where the potential for conflict, verbal and occasional physical abuse is high.

Faced with difficult financial choices the council could not justify the cost of an in-house specialist service. Adding litter enforcement to the tasks of existing staff proved ineffective, partly due to the nature of the work and partly due to the need to focus on their core activities. Commercial providers, focussed on profit, sometimes result in dubious practices, generating high numbers of complaints and taking revenue away from the council. Areas that didn't generate profits were ignored.

What is the council doing?

The need to think differently led East Hampshire District Council to establish its own trading company to deliver litter and dog fouling enforcement in 2016. Taking a commercial approach would enable a cultural change, allowing the team to develop its commercial skills while retaining a public-service ethos.

The purpose of EH Commercial Services Ltd (EH) is 'Improving the environment through ethical enforcement.' Underpinned by values of fairness, honesty, integrity, accountability and community. Public accountability is assured through a shareholder committee consisting of council cabinet members, supported by key paid executives.

Having run a series of yearlong trials with the support of neighbouring councils, the service has continued to evolve. EH now delivers a high quality, cost neutral service to eight councils across the south; from Salisbury to Arun and Chichester to Hart.

Recruiting staff with the right attitude has been key to the company's success. With clients frequently complimenting the team on the delivery of the service; from the firm and respectful way fixed penalty notices (FPNs) are issued, to the fair and considered way in which each representation is heard, to the quality of evidence produced for prosecutions.

Through this commercial activity East Hampshire District Council is delivering real social value, not just for itself but for other councils too. It provides a high quality, ethical and cost neutral service for all, making a real difference to the environment and communities across the south.

Key benefits and results

- A cost neural enforcement service to EHDC and seven other councils, and growing.
- £1.6 million estimated cost savings across the eight councils.
- 60 per cent reduction in on-street littering reported by a street cleaning contractor.
- Fifteen new local jobs and growing.
- Financially sustainable; a small profit and full contribution to council overheads.
- Circa 9,000 FPNs issued this year.
- Circa 87 per cent average payment rate.
- Circa 99 per cent conviction rate for non-payment of FPNs.

- Low volume of complaints.
- Recognised as best practice for single justice procedure by courts.

Key learning points

- Profit with a purpose is achievable and sustainable.
- Active councillor and executive support is vital.
- Time spent clearly defining a unifying purpose and shared values is seldom wasted.
- Good governance creates shareholder confidence, enabling entrepreneurship.
- Senior commercial skills and experience is key.
- Blending commercial acumen and a public-service ethos is difficult but achievable.
- Recruit on attitude first.
- Build client relationship not just contract clauses.
- Revenue is vanity, profit is sanity, but cash is king.

For more information

Chris Bradley, Head of Commercial Development
chris.bradley@easthants.gov.uk

Case study: Birmingham City Council

CityServe

The catalyst/driver for change

The journey started in 2014, when the service consisted of three separate components: catering, cleaning and caretaking; there had been a historic lack of investment including service modernisation and as a result, CityServe was running at substantial trading loss year on year and required full review. CityServe employs over 1,100 staff, service 50,000 meals daily across 220 schools and has a turnover of £33 million.

The main objectives of the new leadership team were to improve the business and deliver the service through an outsourcing option, removing it from the council's control. Through turning the business outcomes around dramatically, from loss to a profit with a purpose making organisation, it began to emerge that there was a sound and sustainable model, for the service to remain as an in-sourced and council delivered service.

In 2018, the cleaning and caretaking service was migrated out to the schools, which gave head teachers more control locally and reduced their school costs; all members of staff, around 850 were transitioned to schools employ, with negligible early retirement/voluntary redundancy initiatives, no adverse effects and full support of trade unions.

What is the council doing?

CityServe, whilst still being a part of the council, operates under its own brand and identity. The services have gone from loss-making to returning a sustained income to Birmingham City Council.

An entrepreneurial approach has led to CityServe providing award-winning services which are competitive within the market, whilst still retaining value for money for the schools and citizens of Birmingham.

CityServe's focus and ethos puts children at the heart of the business. This is demonstrated by their social-value focussed agenda. For instance, the catering offer within CityServe has intended outcomes relating to reducing

obesity and promoting healthy eating. This means CityServe not only delivers a school catering service which provides circa 50,000 school meals to around 220 schools a day, but also, most notably in relation to social value, engages with children regarding menu design and what foods they wish to eat and also delivers prevention activities via interactive 'life' skills training which helps children gain transferable skills to be taken home and shared with their families.

Key benefits and results

- Services are co-designed with children and local schools, putting the children and the schools at the heart of the service and its core purpose and outcomes.
- Providing innovative, inclusive and engaging approaches to learning about food and its benefits to children's health.
- Tackling diet-related illnesses, helping to reduce obesity figures within the area. This is being done by providing meals that are part of nutrient-based standards for example – 30 per cent sugar reduction in their meals.
- Nationally recognised award-winning business.
- Revenues come back into the council, creating public value.

Key learning points

Due to the initial focus being on improving the financial scenario to support a sustainable future for CityServe, there were gaps in the quantitative data collected initially which could have supported establishing SMARTER measures around social value. To address this going forward, a business intelligence team, supported by new IT/MI systems has been established to start gathering evidence for the future.

Regeneration of the service helped to break-down barriers and remove a historical and slightly negative profile from the service, this was further addressed when CityServe achieved recognition in the form of both local and national awards.

For more information

Brian Cape, Head of Commercial Operations (Strategic Development)
brian.cape@birmingham.gov.uk
www.cityserve.org.uk

FAVORKA

EKO-MIĘDZI

MYKA

FOKA

GLE



Commercial development

The catalyst/driver for change

The council recognised the opportunity to improve outcomes for local residents, whilst also delivering a return to improve services. It set itself a goal of improving local outcomes whilst at the same time delivering an additional extra £2 million of revenue by 2022/23.

What is the council doing?

The council created a structured programme to deliver its commercial ambition.

It developed an evaluation framework to evaluate each opportunity against to ensure that only those opportunities which met the council's objectives were taken forward through its project pipeline. The council was clear that the outcomes it was seeking needed to ensure that projects contributed to a more cost-effective council, ensure St Albans was a great place to live, and contribute to a vibrant local economy.

The first criteria which each commercial project was assessed against was whether it would deliver public good social value; this was important as the council was determined that each project must improve the lives of local residents first and foremost. Other guiding principles included whether it would enable the ability to invest in maintenance (whole life costs), the ability to sweat the asset, whether this is something the council is advocating others to do (leading by example), and whether it was an acceptable risk (with the risks being understood, defined and accepted).

The council developed a number of projects which were assessed against the criteria and those that met the thresholds became priority projects for the council. It is now mid-way through its pipeline of projects but it's already having a material value on outcomes, residents' lives and revenue.

Key projects achievements 2018 included:

- transforming St Albans Old Town Hall into a new city centre museum and gallery, generating rental income, increasing town centre footfall and promoting tourism
- redeveloping the former Museum of St Albans site for housing that will be sold to help fund the new museum and art gallery project
- building 45 affordable homes on seven former garages sites; areas prone to anti-social behaviour (ASB) incidents were redeveloped, designing ASB out whilst at the same time creating affordable homes
- the garage sites projects alone delivered 138 days of apprentice time spent on the project, work experience for the Princes Trust scheme for people with past convictions struggling to get back into work, 56 students attended the sites, 549 students attending workshops and several workshops to students promoting women into the construction industry
- redeveloping council owned leisure and cultural facilities to increase the number of people getting involved in sport. This built upon an extensive programme, which ensured sporting facilities were available in places where the market was not providing and that the offer in each centre reflected what the local community wanted in each area; this was achieved through adopting an approach based on insight and conversations with local communities
- developing various small sites for market rent housing, providing homes for local people whilst increasing the local tax-base
- purchasing the NHS City Centre building to develop their city centre redevelopment
- developing a business-friendly construction framework that will give local businesses the opportunity to work on council development projects.

Key learning points

- Clear and effective leadership is important. Both political and officer.
- Demonstrate strategic need including supply and demand analysis.
- The business case and detailed options appraisal is crucial.
- Use customer insight to shape service offerings so they reflect what local residents want.
- Consider the value of developments in neighbouring authorities.
- Stakeholder support is critical. Community consultation is important, as is the power of the internet.
- Invest in your capabilities such as; programme management, in house project managers, developing talent in commercial and programme management.
- Using leisure and culture as business drivers for the General Fund Medium Finance Term Strategy.
- Can do and will do personnel. Also to have a great team spirit, things will go wrong but focussed on the community outcomes.
- Working closely with colleagues in the Community Engagement team by utilising their expertise in engaging with hard to reach communities.

For more information

Richard Shwe, Deputy Chief Executive

richard.shwe@stalbans.gov.uk

www.cityserve.org.uk

Case study: Plymouth City Council

Plymouth Energy Community

The catalyst/driver for change

Plymouth County Council recognised the potential for community energy to help the 15,000 local households living in fuel poverty whilst also reducing carbon emissions within the Plymouth area. With these social values and drivers in mind, they provided an initial investment in 2013 to support the creation of Plymouth Energy Community (PEC).

What happened?

After significant community engagement to establish 100 founder members, the council passed entire control to a newly formed board of volunteer directors, ensuring that PEC became a standalone organisation in 2013.

Over the last five years, PEC has developed innovative and creative solutions to address fuel poverty and carbon emissions. Alongside a frontline advice service, PEC set up PEC Renewables to support community-owned renewable energy generation. Combining to deliver a new energy future for Plymouth residents.

Through funding opportunities, a public community shares scheme, and competitive loans from the council, these initiatives have provided 32 schools and local organisations with free solar panels, including the city's busy leisure hub, Plymouth Life Centre. These panels are saving host organisations thousands of pounds each year. Collaboration with a local economic development trust resulted in turning derelict land in Ernesettle into a sixteen acre community-owned solar farm, generating enough clean energy to meet the annual need of 1,000 homes.

Services include an Energy Team of friendly advisors who provide free training, attend local groups and events and visit residents in their home, providing bespoke energy advice and installing energy efficiency measures.

PEC also runs a successful PEC Pals volunteer programme, affordable or free boiler and insulation schemes, LED retrofits for organisations, an art and energy group and participates in local and national campaigns around energy. PEC's strong partner network allows collaborative funding bids for innovation and business development.

PEC's current membership comprises around 2000 individual and organisation members and PEC Renewables has over 500 individual and organisation investor members.

Key benefits and results

- In 2019 PEC created a new charity to ensure maximum grant income and allow tax efficient donations from PEC Renewables and Ernesettle Community Solar.
- 1350 one to one home visits (over 18,000 households engaged in total).
- More than £1,100,000 savings made for residents in the first year after advice/energy saving measures installed.
- More than 100 volunteers trained.
- More than 15,000 MWh clean energy produced.
- More than £300,000 of savings for organisations and schools hosting solar.
- More than 9,000 tonnes of carbon saved through generation and retrofit.

Key learning points

- Council provided the opportunity and investment that was critical to establishing PEC.
- The council were brave enough to pass over control and empower the community to take the initiative forward – major contributor to its success.
- Mutual trust was formed by the council and the local community through this relationship.
- The delivery model helped remove ridged decision making and allowed the community to act independently. Providing the freedom to become more commercial and social commercial, removing red tape.

- Innovative shared service model allowing an independent community business to buy professional expertise, pay roll, HR, office and IT services, from the local authority. This allows PEC to avoid the time and expense of managing premises, IT, HR, etc and helps the council address revenue pressures and allows maintenance of expertise in a non-statutory function. This arrangement had grown from 1.5 fte to 10 fte over the last six years.

- Community involvement and passion wouldn't have been successful on its own, the collaboration with the council is key to PECs rapid rate of achievement.
- As an independent organisation, PEC can tap into other funding opportunities not open to local authorities and be more dynamic to secure socially commercial opportunities that the council cannot.

For more information

Alistair Macpherson

alistair.macpherson@plymouth.gov.uk

www.plymouthenergycommunity.com

LGA Commercial skills training for officers and elected members



In order to protect valuable frontline services and ensure positive outcomes for local communities councils are increasingly thinking through a more commercial approach to their activities. The LGA has a range of commercial skills training to support local government decision makers of all experience levels to develop and improve their commercial skills.

With a focus on peer-to-peer learning, the programmes are held in locations across the country, giving councils maximum opportunity to access the training and to network with others involved in commercialisation projects, both within their region and beyond.

Commercial skills for officers

The LGA's commercial skills training for officers is designed to enhance council officers' ability to:

- ensure that local authority trading companies run effectively
- fulfil their roles as company directors capably and confidently
- apply their enhanced commercial skills and knowledge to improve business performance
- formulate commercial strategy
- assess the financial health of council commercial activities
- deal with commercial partners and improve negotiation skills
- network with commercial officers from across local government.

The programme is aimed at officers, who are either involved with commercial decision-making or who may be considering working on commercialisation projects.

Commercial skills for councillors

Elected members play an essential role in the success of commercial projects. This one day masterclass aims to develop councillor's decision-making, scrutiny and financial skills required in commercial ventures.

The masterclass is hosted by an LGA member peer and an experienced commercial trainer. The hosts share practical commercial skills, including a case study from the LGA member peer about how they have put their commercial skills into practice.

Disclaimer

While every effort has been made to ensure the accuracy of what has been reported in this publication and to include only informed guidance, you must not rely on the publication's information as an alternative to undertaking due diligence when engaging in commercial activity and seeking advice from appropriately qualified professionals.



Local Government Association

18 Smith Square
London SW1P 3HZ

Telephone 020 7664 3000
Email info@local.gov.uk
www.local.gov.uk

© Local Government Association, June 2019

For a copy in Braille, larger print or audio,
please contact us on 020 7664 3000.
We consider requests on an individual basis.

REF 11.173