

**Highland Council
Corporate Resources Committee**

Minutes of Meeting of the **Commercial Board** held in Committee Room 2, Council Headquarters, Inverness on Thursday 28 September 2017 at 2.00 pm.

Present

Mr Jimmy Gray	Mrs Fiona Robertson (via teleconference)
Mr Bill Lobban	Mr Peter Saggars
Mrs Angela MacLean (Substitute)	Ms Maxine Smith

Also present

Mr Derek Louden

Officials in attendance

Mr Derek Yule, Director of Corporate Resources, Highland Council
Ms R Cleland, Corporate Communications Manager, Highland Council

BUSINESS

1. Appointment of the Chair

Mr Yule acted as Interim Chair pending the appointment of a Chairman. In doing so, he invited nominations for the post of Chairman and on that basis, Mrs A MacLean, seconded by Mr J Gray nominated Mr G Adam. On there being no other nominations, Mr G Adam was duly appointed as Chairman.

It was then proposed that a Vice Chair should be appointed and in doing so, Mrs A MacLean, seconded by Mr P Saggars, proposed Ms M Smith. On there being no other nominations, Ms Smith was duly appointed as Vice Chairman.

At this point, and in the absence of the Chair, Ms Smith assumed the position as Chair for the purposes of this meeting.

2. Apologies for Absence

An apology for absence was intimated on behalf of Mr G Adam.

3. Declarations of Interest

There were no declarations of interest.

4. Exclusion of the Public

The Board **RESOLVED** that under Section 50A(4) of the Local Government (Scotland) Act 1973 the public be excluded from the meeting on the grounds that the matter for discussion would involve the likely disclosure of exempt information as defined Part I of Schedule 7A of the Act.

5. Rationale behind Commercialisation

The Director of Finance gave a verbal overview of the Council's Strategic approach to commercialisation and the role and function of the Commercial Board. The Director of Finance explained that as part of the Redesign process it had become apparent that there were opportunities available to the Council to generate income by being more commercially minded which would help to support Council services.

He clarified that commercialism was not just about generating income but also about operating more efficiently, economically and ensuring the legislative requirements in terms of Best Value (which included Corporate Improvement, Digital First, Shared Commercial and Procurement Process and LEAN reviews) were being met. Therefore, there was a risk of potential crossover and duplication of work and responsibility which would need to be carefully managed by the Board. Continuing he highlighted that it had been agreed by the Highland Council that the main focus of the Commercial Board would be on income generation via recommendations to the Corporate Resources Committee on a commercial strategy, to ensure implementation thereof, and to report progress to the Committee for scrutiny. Therefore, in order to achieve this, and as part of the Council's restructure, further work was being undertaken to create a Commercial and Continuous Improvement Team reporting to the Head of Corporate Finance and this link with the Corporate Resources Service would increase leverage of the Corporate Improvement Team in supporting redesign and continuous improvement as well as the activities of the new Commercial Board.

Continuing, he explained that Commercialism was one of the five themes to address budget challenges and the Board would be responsible for the development of this workstream. Therefore, taking on board all the aforementioned information, he proposed that the role of the Board should be to agree a Work/Action Plan with timelines and to hold officers to account for delivery and to consider and make recommendations to the Corporate Resources Committee.

During discussion, the Board:-

- welcomed the suggestions made but felt that the role should be extended to include identifying areas that the Board would want to task officers with exploring in terms of income generation. These areas would need to be prioritised and officer capacity would also need to be established to ensure that potential ideas/opportunities could be fully investigated;
- felt that there should be regular verbal updates, perhaps by the Convener, to the Redesign Board on the work being undertaken by the Commercial Board in order to avoid duplication; and
- it was felt that the function of the Board was about being innovative to generate new income streams.

Following discussion, the Board **AGREED** that:-

- i. in terms of the Board role, it would undertake to identify areas to explore ideas for income generation (linking with the Budget Working Group); agree Work/Action plans and associated timelines; consider

officer reports submitted to the Board in regard to commercialisation and thereafter make recommendations to the Corporate Resources Committee;

- ii. the staff ideas that had been collated as part of the redesign process in regard to the Council being more commercial be submitted to the next meeting for consideration; and
- iii. an update report be submitted to the next meeting on the Income Generation Workstream.

6. Development of Workstreams

The Director of Finance provided a verbal overview of the role and work of the Budget Commercialisation Group which would lead on the development of workstreams for consideration by the Commercial Board.

The Director of Finance explained that he had identified the following four key income generation strands:-

1. Fees and charges for existing services
2. Asset Rationalisation
3. New Sources of Revenue
4. Commercial Ventures

In discussing each of these elements a variety of potential income generating ideas were suggested as well as the possible different business models to take these forward, e.g. arms-length company, joint venture etc which would need to be considered particularly in regard to legalities and Her Majesty's Revenue Customs tax implications. In addition, the need to lobby the Scottish Government in regard to ensuring full cost recovery in respect of charges, e.g. planning applications and also in respect of specific business/tax opportunities was also highlighted.

At 2.50 pm Ms F Robertson left the meeting.

On discussing a wide range of potential income generating ideas, it was suggested that a brainstorming session should be held to gather as many ideas as possible which should then be prioritised for more detailed examination. It was also emphasised that there could be a requirement for capital investment to enable projects to be brought to fruition. It was highlighted that there would be a need for a business case to be developed which should also include a contingency plan. However, it was explained, regardless of which projects were brought forward, there would be a need to manage transition, particularly cultural change, and also to manage expectations.

The Director of Finance also explained that a request had been received from the Budget Group on whether the Council should make school hostels available for summer lettings and the Board indicated that it was supportive of this proposal being recommended to Corporate Resources Committee.

At 3.12 pm Mr J Gray left the meeting.

Following discussion, the Board **AGREED**:-

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 - i. to recommend to Corporate Resources Committee that school hostels be made available for summer lettings with effect from Summer 2018 and
 - ii. that a list of potential income generating ideas, as discussed, be submitted to the next meeting for further consideration/prioritisation.

7. Consideration of Appointment of External Business Representatives

The Director of Finance explained that it had been agreed at Highland Council on 29 June 2017 that the membership of the Commercial Board would include up to two External Advisors with business expertise to participate voluntarily as Non-Executives on the Board.

During discussion, the Board expressed concern at this proposal in view of the commercially sensitive information that would be discussed and the need to ensure that confidentiality was not breached. In addition, given the commercial nature, if representatives were brought in from the business community then rivals could be receiving a competitive advantage and caution was expressed in regard to potential conflicts of interest. It was therefore felt that External Advisors should not be appointed to the Board at present and that the matter could be reconsidered in the future if necessary.

However, it was thought that it could be helpful in the future when commercial ideas were being brought to fruition that advice be sought from a relevant specialist but that they would be an expert adviser to the Board rather than a non-executive Board member.

Thereafter, the Board **AGREED** to recommend to the Highland Council that External Advisors should not be appointed to the Board.

8. Frequency of Meetings

The Commercial Board was asked to agree that meetings be held every two months and the next meeting should be held at 2.00 pm on Friday 8 December 2017 and that dates thereafter be scheduled for 2018.

However, it was felt that meetings should be held more frequently, at least initially, and it was therefore proposed that meetings be held every month and this was **AGREED** and dates would be scheduled accordingly.

9. Any Other Business

It was proposed that the membership of the Board should be increased with the substitute members becoming substantive members, consequently substitutes would not be required, but all Members of the Council would be welcome to attend and contribute at meetings. It was further proposed that the role of senior officers should be to advise and therefore not be substantive members of the Board.

The Board welcomed this approach and it was therefore **AGREED** to recommend to the Highland Council that the following revisions be made to the membership of the Commercial Board:-

- i. the designated substitute members become substantive members of the Board and that there be no substitutes; and
- ii. that there be no senior officers on the Board.

The meeting was closed at 3.20 pm.