

Bromsgrove DC and Redditch BC Commercial Activity

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Today's presentation

Adopting a Commercialism and Financial Strategy that sets out our approach to being more commercial

Identifying which areas provide the greatest opportunities for increased income generation

Setting up a leisure company and a housing company.
The challenges and opportunities

Using the income from commercial waste services to support other Environmental Services

Bromsgrove DC and Redditch BC

- North Worcestershire, to the south of Birmingham
- Currently both Conservative administrations
- Population
 - Bromsgrove DC 97,200
 - Redditch BC 85,000
- Shared CEO since 2008 and shared management team since 2010
- Fully shared services (except housing - RBC has its own housing stock)
- Budget gap
 - Bromsgrove DC £1.7 million
 - Redditch BC £1.1 million

Our commercial journey

- Bringing in more money to replace reducing government grant
 - Working more efficiently to save money to retain
 - Learning from others incl.
 - LGA – Advanced Commercialism Group
 - LGA - Productivity programme
 - Aylesbury Vale DC
 - Visits to other LA's
 - LGA – YPO Commercial Skills Procurement Solutions framework
 - Development and adoption of a commercialism and financial strategy
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Key drivers for the commercialism and financial strategy

- For both Councils:-
 - Ambition to be financially sustainable enabling continuation of quality services
 - Need to reduce waste, forcing greater consideration of operating costs, service delivery methods and operating models
 - Ensure chosen methods of service delivery make most effective use of resources
 - Supporting services for local people and raising money to future invest in strategic purposes and priorities
 - Requirement to generate additional income and better use of assets to offset ongoing budget pressures

Commercialisation Principles

The strategy sets out the vision and the 14 principles that our approach to commercialism will follow.

Top 5 key principles::

- All business cases will use the approved business case template including a robust options appraisal, market analysis, business modelling and full costings.
- We will create an environment where people are encouraged and able to take considered risks and accept that some ideas may fail.
- Be prepared to invest now for a return in the future.
- Act in a socially responsible way and consider the impact of our business plans on the wider market place.
- Whatever we do should contribute to the delivery of our strategic purposes.

Key areas for income generation

Our Commercialism Programme Board identified and prioritised three work streams providing the greatest opportunities for commercial gain:

- Use of land and assets
- Contracts
- Income generation including fees and charges

Key areas for income generation

- The development of land or assets for housing (social, affordable and commercial sale / rent)
- Pursue investment opportunities in land and property
- Grow the following business areas directly as council provider or via companies:
 - Rubicon Leisure
 - Commercial Waste Services
 - Lifeline and Monitoring Services
 - Bereavement Services
 - Internal Services who already sell services to others

Rubicon Leisure

- Redditch Borough Council needed to make savings and identified that delivering Leisure Services in another way might achieve this
- Employed V4 consultants to undertake an options appraisal for the future delivery of its Leisure Services
- The options appraisal demonstrated contracting out would potentially save the most money
- Councillors decided to go with the 2nd best option (re savings) allowing them to keep greater control via a wholly owned company with greater opportunities to grow the business..
- Shadow Company structure created in June 2018
- Company established 1st Oct 2018
- M.D joined the Company in mid Feb 2019
- Many Challenges ahead - changing to a commercial culture and delivery of the financial savings to RBC



Housing Company

- Bromsgrove District Council moved to its new civic centre in 2015
- Originally planned to sell its old Council House and Site
- Part of the strategic commercialism work identified an unbalanced housing market and a lack of rental properties for local people in Bromsgrove
- Council applied for, and successful in gaining £1m grant from the Homes England Accelerated Construction Fund
- Council now establishing a Housing Company that will manage the new rental properties and generate a new revenue stream

Bromsgrove DC Commercial Waste Services – a success story

- Late 2013 identified our trade waste services were costing us money
- Members asked us to look at selling the customer list
- 2014 agreed that we would retain the service but restructure
- 2015 Waste Services Co-ordinator appointed to manage trade waste and cesspit emptying
- 2015:
 - Around 500 customers
 - No recycling service
 - Losing customers
 - Unreliable
 - Old vehicle unfit for purpose
 - Staff with a poor attitude
 - Bins in poor condition
 - Poor customer service



Commercial Waste Services – what we did

- Spent significant time understanding the problems
- Discovered the Council's reputation regarding this service was so bad that the team had to rebrand
- Changed the remit of the waste customer liaison officer to concentrate on commercial waste, and support the Coordinator
- Started branding the staff, service and vehicle
- By the end of the financial year 2015/16 we had stabilised the service.



Commercial Waste Services – what we did (cont.)

During the next financial year we:

- Changed the vehicle, and brought in a new crew to be part of the service
- Developed the identity and brand of the service further
- Worked with the communications team to develop a welcome pack for new customers



Commercial Waste Services – what we did (cont.)

- Crew taking responsibility for customer relations
- Re branded the bins and vehicles
- Customers directed to the service managers
- Gave flexibility to pricing structure
- Traded on our improving customer service and personal touch
- Started ‘doing deals’
- By the end of 2016/17 customer numbers up to 550
- Still operating in a risk averse, ‘conservative’ manner.

Commercial Waste Services – what we did (cont.)

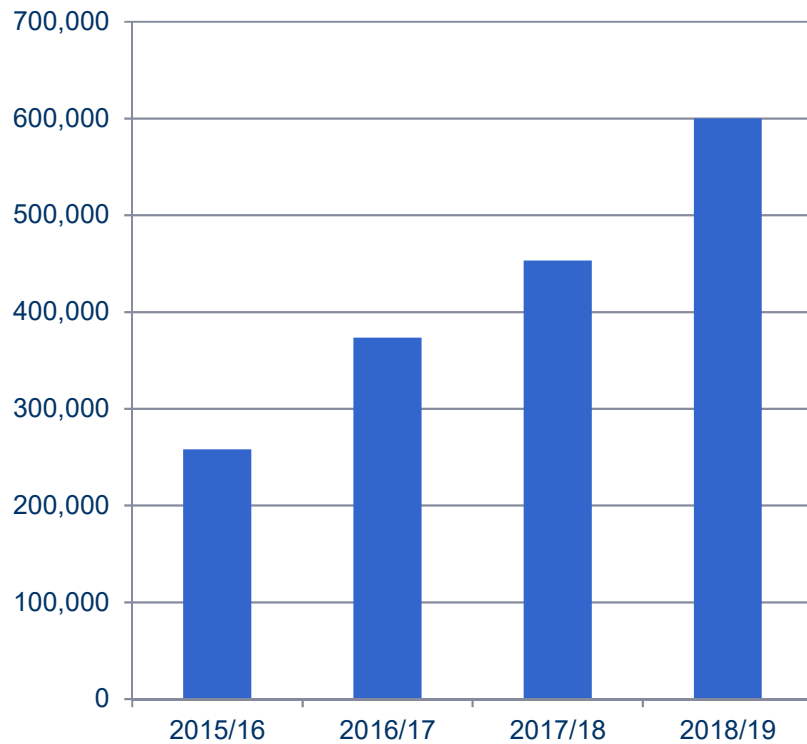
- 2017/18 saw the introduction of commercial waste recycling
- The management team started to take more risks and chase business
- Started working with brokers
- Started working across boundaries and sub contracting
- Talked to existing customers to see how we could improve the service further
- Commercial Waste customers steadily increased to 632 by the end of 2017/18

Commercial Waste Services – what we did (cont.)

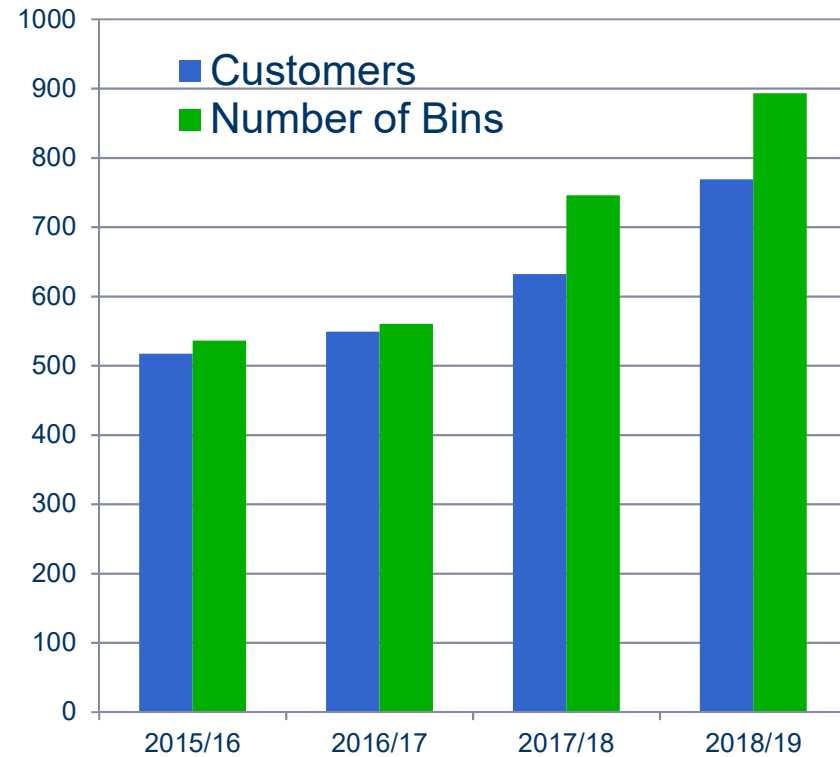
- In 2018 started working in partnership with a global company helping large retailers manage their waste and recycling
- Identified our existing team were operating at well over capacity and pulling staff from our domestic services
- Employed additional temporary staff to secure the service, ensuring full service costs and income was reflected in budgets
- Business case agreed through CMT, Cabinet, O&S, and Full Council to secure further investment and further grow the service.
- Members agreed that the additional income generated will be re invested in growing the **domestic waste team** and the **BDC place team**
- The service continues to generate new customers. At the end of Feb 2019 we have 769 customers and have made a surplus after costs of £176,000

Growth of Business

Commercial Waste Income



Change of Business Model



Commercial waste - the future



- Employ full time sales person
- Employ new staff and procure new vehicles
- Restructure the team and reporting lines
- Apply this proactive approach to grow the 'cesspool service' during 2019/20
- Identify other areas that might provide additional revenue – mechanical sweeping, none domestic bulky waste, etc.
- Consider if we are now at the point of needing a company?

The team want to see an annual turnover of a million £

Questions

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