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Overview and Scrutiny

Commercialisation and culture change review

Public Accounts Select Committee

Spring 2020

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## Membership of the Public Accounts Select Committee in 2019-20:

[Councillor Jim Mallory](http://councilmeetings.lewisham.gov.uk/mgUserInfo.aspx?UID=167) (Chair)

[Councillor Louise Krupski](http://councilmeetings.lewisham.gov.uk/mgUserInfo.aspx?UID=2916) (Vice-Chair)

[Councillor Tauseef Anwar](http://councilmeetings.lewisham.gov.uk/mgUserInfo.aspx?UID=2944)

[Councillor Juliet Campbell](http://councilmeetings.lewisham.gov.uk/mgUserInfo.aspx?UID=3031)

[Councillor Patrick Codd](http://councilmeetings.lewisham.gov.uk/mgUserInfo.aspx?UID=2996)

[Councillor Alan Hall](http://councilmeetings.lewisham.gov.uk/mgUserInfo.aspx?UID=115)

[Councillor Mark Ingleby](http://councilmeetings.lewisham.gov.uk/mgUserInfo.aspx?UID=582)

[Councillor Paul Maslin](http://councilmeetings.lewisham.gov.uk/mgUserInfo.aspx?UID=173)

[Councillor Joan Millbank](http://councilmeetings.lewisham.gov.uk/mgUserInfo.aspx?UID=186)

[Councillor James Rathbone](http://councilmeetings.lewisham.gov.uk/mgUserInfo.aspx?UID=2990)

## Membership of the Public Accounts Select Committee in 2020-21:

[Councillor Patrick Codd](http://councilmeetings.lewisham.gov.uk/mgUserInfo.aspx?UID=2996) (Chair)

[Councillor Alan Hall](http://councilmeetings.lewisham.gov.uk/mgUserInfo.aspx?UID=115) (Vice-Chair)

[Councillor Tauseef Anwar](http://councilmeetings.lewisham.gov.uk/mgUserInfo.aspx?UID=2944)

[Councillor Jim Mallory](http://councilmeetings.lewisham.gov.uk/mgUserInfo.aspx?UID=167)

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# Chair’s introduction



Councillor Patrick Codd, Chair of the Public Accounts Select Committee (2020-21)

We carried out this review into commercialisation and culture change (in 2019) at a time of transition. Our new Mayor and an ambitious new strategy for Lewisham were supported by the appointment of a new chief executive – who in turn reconfigured Lewisham’s senior management. As a Committee, we hoped that our investigations would encourage the formulation and delivery of new ideas whilst also engaging councillors in a renewed culture of innovation at the Council.

What we could not know was that the Coronavirus pandemic would bring such a sharp and intense shock to everything we do – both as individuals and as an organisation. The suspension of ordinary Council business to focus on support for Lewisham’s communities and to protect the most vulnerable was, of course, a necessity. And, as some semblance of normality returns to Council business, the Public Accounts Select Committee has a duty to consider the costs of the Council’s response to the pandemic and play our part in scrutinising recovery plans.

Clearly, the costs to families of lives lost to illness is at the forefront of our minds. We are also painfully aware of many repercussions from the pandemic for people’s physical and mental health and the negative impact on jobs and livelihoods arising from the economic downturn. As we have turned to look at the financial costs for the council it is apparent that the decade-long government-austerity stripped finances of the Council are now in an even more challenging position than at the time of the initial production of this report in February 2020.

Members of the Committee know the importance of the fine detail of financial monitoring as well as the necessity of attention to budgets and the rigour required to protect the Council’s resources. Nonetheless, our investigations over the past few years, many recorded in this report, have demonstrated that as well as traditional methods of looking after the council’s finances, councils can and do develop new ideas and innovations to produce income and create value. We believe that services functioning well from a financial perspective are more able to be responsive to the needs of those using their services. With more holistic financial management and rigorous oversight comes clarity of purpose – as well as insight into the broader issues that drive demand and the specifics that determine costs.

Commercialisation is about more than just chasing financial returns. At its core, it is about improving services and ensuring that resources are available to protect the most vulnerable. ‘Thinking commercially’ is a mindset that prioritises the best use of resources – whether financial or otherwise. In an organisation such as the Council, a general mindset becomes an important part of its culture.

Culture change is notoriously difficult to bring about and ‘innovation’ doesn’t tend to be the first word that people think of when it comes to councils. However, Lewisham Council officers have shown great resilience through ten years of government cuts to our budgets and great ideas can come from within a local authority as from any other organisation. The culture has to adapt to enable innovation to thrive. That said, change takes time, it requires determination and it has to be informed by a clear vision. Leadership is the glue that binds all these elements together.

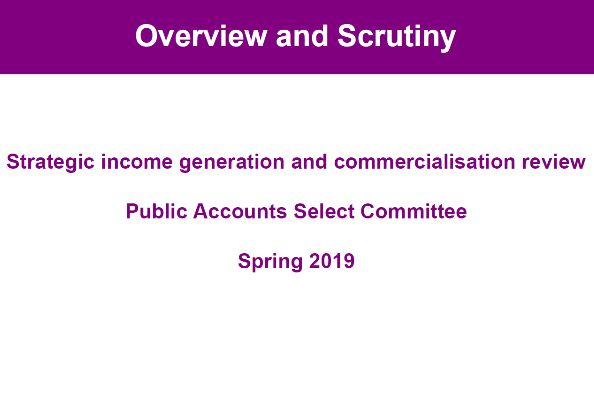
Whilst the timescales for starting new projects and for rolling out commercialisation training might have shifted as a result of the pandemic, the principles we identified though our evidence gathering and investigations are still relevant. In fact, the call for leadership to build on the Council’s strengths and to challenge officers to innovate may be even more vital now than in 2019. The risk of returning to ‘business as usual’ without thorough appraisal of the effectiveness and value of all parts of that business is, perhaps, greater than the risk of attempting something new. There are conversations - about the cost of Council services, about innovation, about our culture and about our appetite for risk in the face of intensifying challenges – that the Council’s leadership has to navigate with councillors, with officers and with our community. We hope that in the (somewhat delayed) submission of this report – our thoughts and our recommendations will support and inform those conversations.

It is worth reflecting on our final recommendations and how we reached our conclusions. We had heard about and read of many examples of council commercial models from Birmingham to Luton and we had spent a fascinating few hours with highly enthusiastic Barking and Dagenham members and officers. We were cogitating on all we had learned and wondering how it could apply to our own local authority but it was while we met with officers from Waltham Forest that it became apparent to our committee that the commercial culture change that would “suit” Lewisham’s position in terms of, for example, its asset ownership and the risks and opportunities available to us was most akin to Waltham Forest’s and therefore our strongly felt recommendations represent a more steady growth in commercialisation culture based on the skills of our own officers than a wholesale revolution in the structure of the Council.

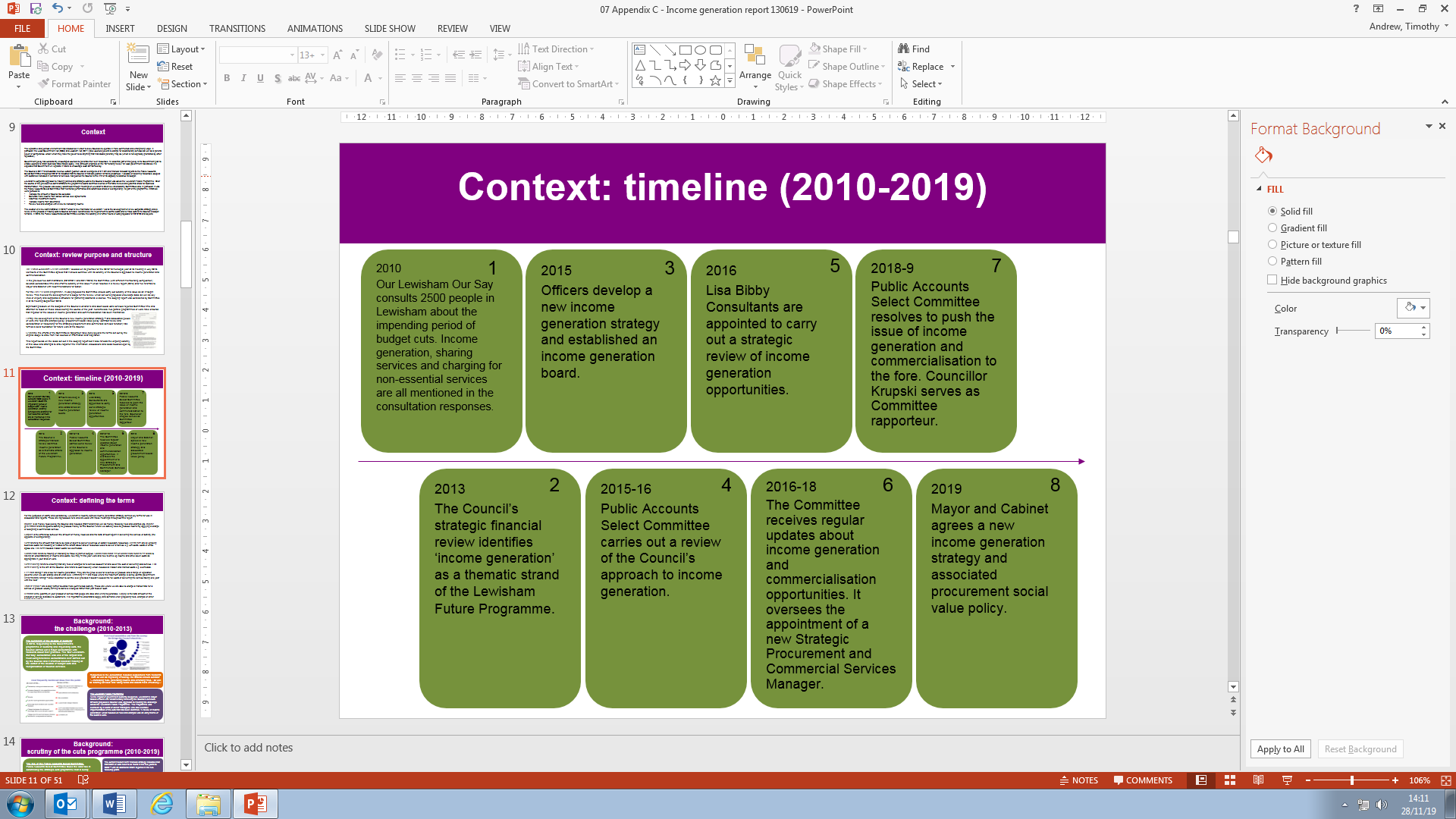
Our thanks should be noted to our previous Chair, Councillor Jim Mallory who led us carefully and adroitly through this investigation and to previous members of the Committee – particularly Councillor Louise Krupski – whose determination and dedication to this issue have kept it on the Committee’s agenda and provided support for officers to devote resources to this area of work. We also thank officers from the London Borough of Waltham Forest and to officers and members from the London Borough of Barking and Dagenham for their time and for their insight into their journeys through change.

# Purpose and structure of the review

* 1. Commercialisation has been a long standing interest of the Public Accounts Select Committee. At the Committee’s meeting in June 2019, Members discussed their work programme for 2019-20 and reflected on ideas for the year ahead. The meeting provided the opportunity to agree on which issues were of high priority for scrutiny.
  2. During the meeting the Committee considered an update from officers on income generation and commercialisation as well as the final report[[1]](#footnote-1) of its work in 2018-19 on income generation, including the in-depth research and analysis carried out by Vice-Chair of the Committee (Cllr Krupski).

[](http://councilmeetings.lewisham.gov.uk/documents/s65971/07%20Appendix%20C%20-%20Income%20generation%20report%20130619.pdf)

* 1. The 2018-19 review traced the Committee’s involvement in the issue of income generation and commercialisation over a number of years and reported on the scrutiny of the Council’s new income generation strategy. For reference – a timeline has been included below:



* 1. As a result of the work carried out in previous years – the Committee recognised the need for additional emphasis on cultural changes across the Council. At its meeting in July 2019, the Committee considered a scoping report for a review of commercialisation and culture change. Key lines of enquiry for the review were put forward by Councillor Krupski based on a set of questions arising from her research as rapporteur for the 2018-19 review.

## Meeting the criteria for a review

* 1. The issue of commercialisation and culture change was identified by the Committee as a topic for review, because it is:
* A strategic and significant issue for the Council and its finances;
* It has the potential to affect a large number of people living, working or studying in Lewisham (as well as the potential to have a disproportionate impact on small groups of people);
* The Council is developing this area of work through the implementation of the income generation strategy and the development of the new ‘Lewisham Way’.

## Key lines of enquiry

* 1. The Committee discussed and agreed the following key lines of enquiry for the review (incorporating key questions raised by Councillor Krupski):

*Key line of enquiry 1*: creating a workable, vibrant and positive commercial culture

Key questions:

* How can we instil a more commercial mind-set throughout the council not just in one department?
* How will the council encourage and provide the structures necessary for officers at any level to instigate new ideas?
* How will the council take more of a collective responsibility and lessen any blame culture so that officers have the freedom to act?
* Are there any corporate structures in place that could be hindering this kind of work?  If so how should they be changed?
* How do we create a culture where risk is talked about openly and candidly for courageous ideas to be brought forward?
* How do we use the generation of income itself to motivate officers? Do we allow departments to keep back generated income for further innovative projects or does all the income come back centrally?
* How does the council breed a culture of understanding among officers and members that this is positive change and done for the very best possible reasons and outcomes? Are the structures in place to do good constructive performance management of projects?

*Key line of enquiry 2*: training and development - officers and members

Key questions:

* Does the council have officers with the right skills and training to do this work? If not, how can a training programme be put in place and what are the resource implications of this?
* Do officers have enough time? How will projects be organised so that the every-day work of the council is not adversely affected.
* How should income generation priorities be organised, taking account of: political priorities; the ambition to create social value as well as the requirements for sustainability and minimisation of risk.

## Timetable for the review

* 1. In order to answer the questions posed under its key lines of enquiry – the Committee agreed on a timetable for the collection and analysis of evidence. Amendments to the timetable were made due to the availability of officers and the urgency of other issues arising on the Committee’s work programme[[2]](#footnote-2):

*September 2019*

* Visit to the London Borough of Barking and Dagenham to discuss culture change with the cabinet member and officers (in order to answer the questions posed under key line of enquiry one)

*November 2019*

* Report back from Committee members on visit to Barking and Dagenham and a report from the Strategic Procurement and Commercial Services Manager on the implementation of the income generation strategy and the work being carried out to review the Council’s fees and charges (in order to answer the questions posed under key line of enquiry one)

*December 2019*

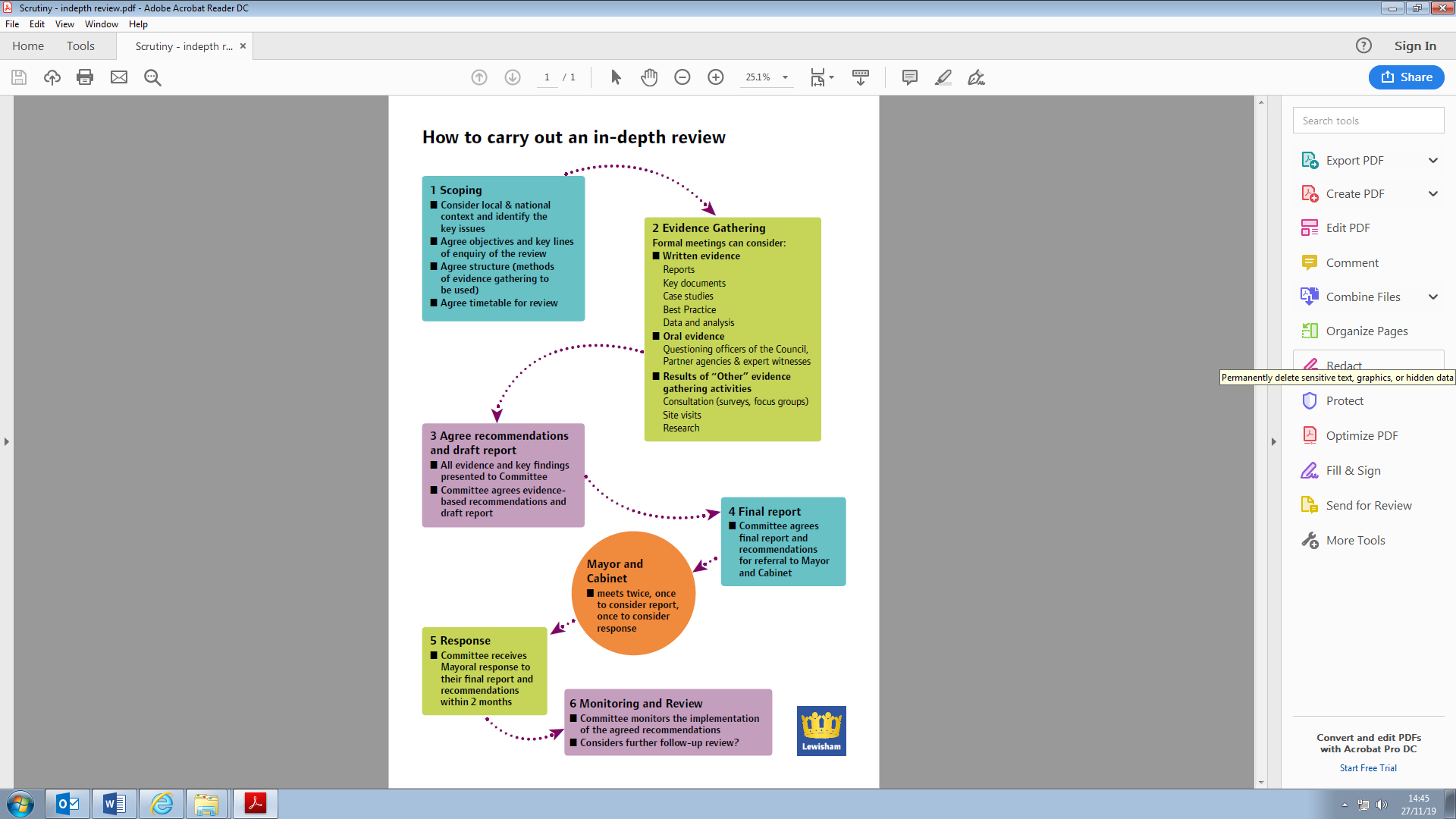
* Scrutiny of the development of the new ‘Lewisham Way’ developed by the Director of Human Resources and Organisational Development (in order to answer the questions posed under key line of enquiry two)

*January 2020*

* Meeting with officers from the London Borough of Waltham Forest regarding that council’s approach to commercialisation and culture change (to answer the questions posed under key line of enquiry one)

*September 2020 (agreement of the report was delayed due to the cancellation of the March 2020 select committee meeting as a result of the pandemic)*

* Final report and recommendationsfor submission to Mayor and Cabinet



# Context

* 1. Austerity and its impact on local government has been well documented. Reports from the Local Government Association and London Councils[[3]](#footnote-3) about financial restraint and the extent of cuts to local services are mirrored in the reports from Lewisham’s officers in recent medium term financial strategy and annual cuts reports.
  2. In the autumn, Councillors Krupski and Codd attended a session on ‘re-thinking local government Service provision: improving delivery in times of fiscal constraint’. At the briefing, representatives from the National Audit Office[[4]](#footnote-4) gave a presentation about ‘how local government finances are changing’. Key messages included:
* The 28.6% real terms reduction in spending power from 2010-11 to 2017-18 (London Councils reports that in London this reduction is 37% in real terms per person[[5]](#footnote-5)).
* Growing demand for key services, including: adult social care; children’s social care and homelessness.
* Social care as a share of service spend growing from 55% to 65% from 2010-11 to 2017-18.
* Increased commercial investment – including a significant increase in the acquisition of land and buildings.
* Challenges to governance and accountability.
  1. Faced with pressures on demand and decreasing resources, councils across the country have sought to innovate by: rationalising services; cutting provision; and working with partners in the private and community sectors. In addition, councils have been forced to consider how to make best use of their assets.

## Lewisham's Corporate Strategy

‘Continued public sector austerity is certain, and this means more cuts. The expected impact over the next four years is an additional £55 million of cuts[[6]](#footnote-6)’.

Lewisham’s Corporate Strategy 2018-2022

* 1. The Council’s Corporate Strategy for 2018-2022 was approved at full council in February 2019. The strategic priorities of the [Corporate Strategy for 2018-2022](https://lewisham.gov.uk/mayorandcouncil/corporate-strategy) are:

[Open Lewisham](https://lewisham.gov.uk/mayorandcouncil/corporate-strategy/our-priorities/open-lewisham) - Lewisham is a welcoming place of safety for all, where we celebrate the diversity that strengthens us.

[Tackling the housing crisis](https://lewisham.gov.uk/mayorandcouncil/corporate-strategy/our-priorities/tackling-the-housing-crisis) - Everyone has a decent home that is secure and affordable.

[Giving children and young people the best start in life](https://lewisham.gov.uk/mayorandcouncil/corporate-strategy/our-priorities/giving-children-and-young-people-the-best-start-in-life) - Every child has access to an outstanding and inspiring education, and is given the support they need to keep them safe, well and able to achieve their full potential.

[Building an inclusive local economy](https://lewisham.gov.uk/mayorandcouncil/corporate-strategy/our-priorities/building-an-inclusive-local-economy) - Everyone can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy.

[Delivering and defending: health, social care and support](https://lewisham.gov.uk/mayorandcouncil/corporate-strategy/our-priorities/delivering-and-defending-health-social-care-and-support) - Ensuring everyone receives the health, mental health, social care and support services they need.

[Making Lewisham greener](https://lewisham.gov.uk/mayorandcouncil/corporate-strategy/our-priorities/making-lewisham-greener) - Everyone enjoys our green spaces, and benefits from a healthy environment as we work to protect and improve our local environment.

[Building safer communities](https://lewisham.gov.uk/mayorandcouncil/corporate-strategy/our-priorities/building-safer-communities) - Every resident feels safe and secure living here as we work together towards a borough free from the fear of crime.

* 1. The strategy guides the actions taken by all employees of the Council and it provides a framework for the policies and plans that the Council develops. The strategy also sets out four values which are designed to guide behaviours across the organisation:
* We put service to the public first
* We respect all people and all communities
* We invest in employees
* We are open, honest and fair in all we do.
  1. Regular financial forecasts and performance reports to the Committee over the past year have detailed the Council’s ongoing challenge to balance its budgets. The Medium Term Financial Strategy[[7]](#footnote-7) considered by the Committee in June 2019 reported that: ‘In the period 2010-11 to 2019-20 the Council has implemented savings of £174m’.
  2. Agreeing the budget[[8]](#footnote-8) for 2020-21 in February 2020, Lewisham’s full council noted that £16m of cuts had so far been approved for the year ahead – and that it was anticipated in the years 2021-22 and 2023-24 further cuts of £40m would need to be found.

## Income generation and commercialisation

* 1. Generating income is an ambition for many councils. It is seen as one way to lessen the impact of the reduction in resources from Government whilst maintaining services that communities have come to rely on. More than this, there is an ambition on the part of Councils to use commercial enterprise and entrepreneurial activities to enhance the fundamental delivery of services:

‘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.’

Profit with a purpose, LGA 2019, p5

* 1. Legislative changes have enabled councils to consider new options for income generation and commercialisation. The Local Government Act (2003) and Localism Act (2011) gave councils powers to charge for discretionary services as well as a general power of competence, under which they have the power to do anything that individuals generally may do (which is not expressly prohibited by other legislation).
  2. The Association for Public Service Excellence provides many examples of ways in which councils have innovated in this area, including in a recent report with the Centre for Public Scrutiny[[9]](#footnote-9):
* Nottingham Council’s development of an independent energy supplier.
* Harrow Council’s creation of an in-house commercial services supplier for chargeable services.
* Richmondshire Council’s approach to development of new housing.
  1. Councillor Krupski’s work for the 2018-19 committee review also highlighted a number of ideas for best practice and innovation – including work being done by Birmingham Council to make best use of its property assets and gain advertising income.
  2. As noted above - the Committee’s 2018-19 review report includes a full summary of the work that scrutiny (and Councillor Krupski acting as committee rapporteur) has carried out in this area. The Council’s activities in this area have been followed closely by councillors and in particular, the Committee has closely monitored the development the Council’s income generation strategy (2019-22)[[10]](#footnote-10).

## The income generation strategy

* 1. The Committee previously heard that an important ambition of the new strategy was to establish a series of **principles** from which the Council could develop its future approach to income generation, as follows:

1. A **single understanding** and a consistent approach to income generation across the Council.

This objective is about ensuring that we are all working to the same definition of income generation and using consistent frameworks. This will make it easier for officers moving across teams and new to the Council to contribute to income generating activity and will help with central analysis of our income generation portfolio.

2. A **commercial culture** with the necessary skillset fostered and supported organisationally.

This objective is about achieving a commercial culture where barriers to income generating activity are reduced and removed. By being more entrepreneurial, we expose ourselves to new and different risks which need to be understood and managed, we need to improve the way we talk about and understand costs and will have to develop skills to support work of this type across services.

3. **Clear financial accountability** with true oversight of the income generation landscape and effective governance and decision making.

This objective captures the enduring need for robust governance when dealing with public money. It is especially important when moving towards a more commercial organisation that the increased risk appetite be matched with improved grip to manage those risks.

4. **Financial resilience** through increased revenue streams, increased returns, reduced operating costs and full cost recovery as appropriate for the Council.

This objective is about effectively producing the outputs of commercial work –the financial returns based on either increased fees, reduced costs or some combination of both. It is the primary aim of this strategy to achieve financial resilience and the objectives ahead of this one are about achieving this in the right way.

5. Generation of **social value**, through work within an established framework of values and principles, to balance commercial ambitions with positive outcomes for the community.

This objective is about social returns –the outcomes of the income generating work. As a public sector organisation working primarily with public funds it is essential that this is at the forefront of all work, and that commercial activity supports this rather than detracting from it.

* 1. The Committee continues to receive regular updates on the implementation of the strategy from officers. However, for this review the focus has been on the second principle in the strategy – that of developing a commercial culture. In line with the Committee’s 2018-19 review, this report also makes use of the relevant terms developed for the income generation strategy (which are reproduced here and are used with these meanings throughout this report):
* **Income** is all money received by the Council and includes grant funding as well as money raised by fees and charges etc.
* **Income generation** refers to specific activity to produce money for the Council, where we actively seek to produce income by applying a charge or designing a commercial service.
* **Surplus** is the difference between the amount of money received and the total amount spent in delivering the service or activity (the opposite of overspending).
* **Cost** refers to the amount that has to be paid or spent to deliver a service or obtain necessary resources.
* **Overheads** are all ongoing business costs not including or related to the direct labour and/or resources used to deliver a service e.g. HR costs, costs of office space etc.
* **Full cost** includes hidden costs like overheads.
* **Commercial** refers to making or intending to make a profit or surplus.
* **Commercial mind-set** or **commercial awareness** refers to having an understanding of income and costs, how they fit into your work and how to drive up income and drive down costs as appropriate in your area of work.
* **Cost recovery** refers to ensuring that any fees or charges for a service account for and cover the cost of delivering said service.
* **Full cost recovery** is the aim at the Council, and refers to cost recovery which includes all hidden and indirect costs e.g. overheads.
* **Fees and charges** are a tool for income generation. They are the price levied for a service or product, and a range of legislation governs when we can charge and at what level.
* **Statutory fees** are those where the maximum charge is set by central government.
* **Discretionary charges** allow discretion to set the level provided it doesn’t exceed the full costs of delivering the service taking one year with the next.
* **Traded services** are a step further towards more commercial activity. These are where we are able to charge a market rate for a service or product, usually aiming to achieve a surplus rather than just recover cost.
* **Demand** is the quantity of your product or service that people are able and willing to purchase.
* **Supply** is the total amount of the product or service available to customers. It is important to understand supply and demand when proposing fees, charges or other commercial activity.
  1. Accordingly, the term ‘commercialisation’ refers to the process of making services and ways of working increasingly commercial:

‘Commercialisation must involve cultural changes – a shift in attitudes towards more innovation, more responsiveness to local people, and an attuned sense of how a more entrepreneurial council can continue to meet its residents’ needs.’

Risk and commercialisation: a guide for local scrutiny councillors[[11]](#footnote-11) p15

## Key questions

* 1. Following from the Committee’s 2018-19 review – and with guidance from Cllr Krupski as rapporteur – the issue of culture change was identified as a key area for future in-depth scrutiny. In its ongoing discussions about the priorities for scrutiny the Committee agreed that it would give further consideration to examining income generation and commercialisation, under the following headings:
* Shaping internal governance – developing the structure and accountability needed, including the role of scrutiny;
* Determining ‘red lines’ and ethical dimensions;
* Dealing with risks and conflicts of interest;
* Shaping external governance (e.g. of Teckal[[12]](#footnote-12) businesses or other arms-length organisations);
* Developing training and staff development – both of officers and members;
* Creating a workable, vibrant and positive commercial culture
  1. The questions posed by the Committee encompassed a broad range of interrelated issues which included, but were not limited to:
* The purpose of the constitution and the structures in place for decision making;
* The formulation and adoption of Council policy and the role of corporate leadership;
* Processes for assessing and managing risk;
* The strategy for people management.
  1. They also related to broader issues about the ethos of local government and the relationship between the Council and Lewisham’s community. Accordingly, the following section provides context for the consideration of these issues in this review under these key headings:
* The structure of governance in Lewisham
* How the Council makes key decisions
* The role of the income board
* The context for culture change

## The structure of governance in Lewisham

* 1. This section seeks to provide a basis from which to answer the following questions posed by the Committee in its discussions on the purpose of this review. In particular, Members sought to better understand Lewisham’s governance structures – and decision making processes.
  2. Decision making at Lewisham Council is determined by the constitution, the aims and purposes of which is to:
* Lead to effective and efficient Council decision making
* Make it clear to local people who is making decisions on their behalf
* Give Councillors and local people greater opportunity to engage directly
* Set out clearly the arrangement for local political governance
* Separate decision making from scrutiny of those decisions to create greater accountability
  1. The agreement, amendment and oversight of the constitution is a matter reserved to the full council. Any person (including members of the executive and senior officers) making a decision on behalf of the authority is bound by the following principles[[13]](#footnote-13):

(a) The decision will be made following an evaluation of options as appropriate;

(b) The decision maker will take professional advice (including financial and legal advice where the decision may have legal and/or financial consequences);

(c) The decision will be taken following a consideration of all relevant matters and disregarding irrelevancies;

(d) Reasons for the decision will be recorded as will details of options considered with reasons for their rejection;

(e) Action taken will be proportionate to the result to be achieved;

(f) Respect for human rights will be balanced with the Council’s duty to the wider community;

(g) A presumption in favour of openness, unless there are compelling lawful reasons preventing the consideration of matters in public;

(h) Consultation appropriate to the matter under consideration;

(i) Clarity of aims and desired outcomes;

(j) The highest standards of ethical conduct, avoiding actual, potential and perceived conflicts of interest.

* 1. All decisions relating to commercialisation, income generation and investment activity are required to adhere to these principles. The member and officer codes of conduct for elected officials and Council employees (respectively) are in place to manage adherence to these principles.

## How the Council makes key decisions

* 1. Decisions which meet certain thresholds are termed ‘key decisions’ and are usually reserved to the Executive, full Council or senior officers. The process for making these decisions is set out in the scheme of delegation, which is approved in public at the Council’s annual general meeting at the beginning of each municipal year. Financial decisions resulting in expenditure above £500k; those with an impact on more than one ward; the setting of fees and charges and proposals for significant changes to the delivery of a Council service are all ‘key decisions’.
  2. Major decisions in relation to income generation projects are likely to meet the threshold for key decisions – and would be required to meet the principles for decision making – as set out above. Projects that require novel approaches to governance are subject to the constitutional principles for transparent decision making, a recent notable example was the creation of the shared IT service – initially with Brent Council – with a later amendment to include Southwark Council. Examples of the flexibility of the Council’s governance and key decision making processes include:

*Brent/Lewisham/Southwark shared IT services* are overseen by a joint committee, through a statutory governance framework[[14]](#footnote-14). The process of decision making through the joint committee – as well as procedures for delegation to its constituent councils and its arrangements for delegation of decision making to officers are set out in the framework agreed by the three councils (in line with their own constitutions and principles for decision making)[[15]](#footnote-15).

*Mutualisation of the Council’s youth services* – required the development of a new model for operation – as well as legal and contractual arrangements to be put in place with the newly formed service. At all stages of development, the proposals were subject to scrutiny – including by a dedicated time-limited scrutiny sub-committee[[16]](#footnote-16).

*Joint delivery of replacement street lighting with Croydon Council* through with a private contractor using PFI arrangements also demonstrated Lewisham’s ability to successfully establish purpose driven governance arrangements for new projects.

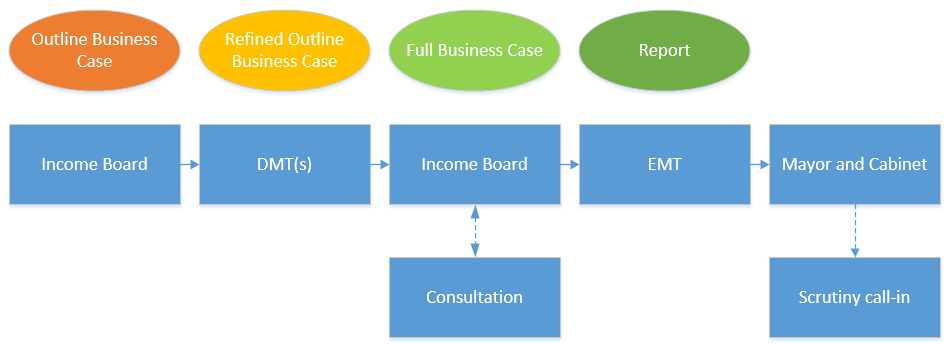
*Catford Regeneration Partnership Limited* (CRPL) is a wholly owned company of Lewisham Council. The company was originally created in January 2010 to purchase the leasehold interests in and around the Catford Centre in order to manage and regenerate the assets and to improve the economic, social and environmental wellbeing of the people of Lewisham. It provides a further example of the Council’s capacity to innovate – and to incorporate different approaches within existing governance arrangements on a case by case basis.

*Besson Street joint purpose vehicle* was set up to deliver housing in New Cross Gate. The Council has established a partnership with the private sector in order to meet the ambition in the corporate strategy to deliver new affordable homes for the people of Lewisham. The development of proposals for the creation of the vehicle have been subject to scrutiny by Lewisham’s Housing Select Committee – including in the Committee’s ‘Models of delivering new housing’ in-depth review (2018)[[17]](#footnote-17)

* 1. The Council has adopted a code of practice[[18]](#footnote-18) for suppliers and service providers – in order to direct contractual with external providers. The Code specifies core principles for sustainability:
* **Social considerations** – ensuring that products and services are sources and produced responsibly, under a set of internationally acceptable social and ethical guidelines and standards.
* **Environmental considerations** – maximising resource and energy efficiency in the manufacturing and supply process in order to minimise environmental impacts.
* **Economic considerations** – delivering outstanding value for money over the lifetime of the contract.
  1. The Council expects that all suppliers wishing to enter into contracting arrangements with it will adhere to the code. Any commercial activity set up by the Council would also need to give consideration to the Code. Nonetheless, the Council has a policy framework – and decision making principles – in place to oversee the development and delivery of projects on a case by case basis. This process enables each case to be examined on its merits – and weighed against the Council’s existing policies, strategies and existing operations.

## The role of the income board

* 1. The Committee was interested understanding how the Council might:
* manage risk well so as not to unnecessary stifle projects but instead create a system that mitigates and tackles possible risks;
* establish structures to assess all risks - political, financial, single project and compound;
* monitor commercial activity on an ongoing basis (decide when scrutiny should intervene and how).
  1. The Council’s *Income Board* is comprised of the income leads for each directorate as well as the Director of HR and Organisational Development, Director of Law and Head of Finance. Additional members are required on an ad hoc basis from specific services. The Board meets on an eight-weekly basis. There is a standing item on the agenda for the Council’s executive management team to receive updates from the income board.



* 1. The flowchart above (reproduced from the Council’s income generation strategy) sets out the process for consideration of business cases by the income board. The titles in ovals represent the production of a report – those in the rectangles represent consideration by the named group/body[[19]](#footnote-19).
  2. It appears that the role for scrutiny in this process is only at the stage of ‘call-in’. This process is used to challenge decisions that have been taken by Mayor and Cabinet but that have not yet been agreed. In practice, scrutiny committees pick up significant proposals for changes or new initiatives for pre-decision scrutiny before Mayor and Cabinet.
  3. Key decisions are published on a forward plan of key decisions on a monthly basis – and historically – this plan has been included in the agenda for every meeting of every scrutiny committee. Therefore, the flowchart could (or should) include an additional blue box for (pre-decision scrutiny) between the ‘EMT’ and ‘Mayor and Cabinet’ boxes.

## The context for culture change

‘Establishing a commercially focused culture is imperative for the successful commercialisation of services, however the challenge this represents should not be underestimated.’ Enterprising Councils (LGA 2017), p17

* 1. Council officers are not *typically* thought of as business minded or entrepreneurial in character. Research[[20]](#footnote-20) with council employees for the local government association found that the most common motivation to work in local government was ‘public service ethos’:

‘A public service ethos can be characterised by accountability, community responsibility, customer services and integrity’. (p10)

* 1. There is not a necessary conflict between public service ethos and the development of a commercial mind-set. However, the research indicates that officers’ primary motivation is to maintain the delivery of services, rather than to pursue commercial projects. The challenge for councils therefore - it may be surmised - may be to utilise officers’ motivation to provide quality in order to develop commercial projects and to improve financial management.
  2. As previously reported – Councillor Krupski (Committee Rapporteur on commercialisation) has made the case at Committee that the messaging and the vision around income generation and commercialisation is a key foundation to the development of successful projects.
  3. The same research quoted above found that ‘…once people started to work for councils they found the hierarchical culture and poor management stifled their ability to innovate’ (p13) And – that the development of an innovative and forward thinking culture in local government had to be built on trust and mutual support between council employees and managers. It recognises that once people are given the opportunity to innovate they respond with enthusiasm and good will (see appendix 3 for a note on a previous pilot project in Lewisham for gathering ideas from employees).
  4. The need for the development of officer skills is addressed in the income generation strategy - *Strategic objective (2)* – of the strategy prioritises the development of ‘a commercial culture with the necessary skillset fostered and supported organisationally.’ The strategy commits to ensuring that:
* Training will be offered corporately to develop appropriate commercial awareness and the skills needed to evaluate options as part of the business case appraisal process.
* Templates and guidance will be provided to support the business case appraisal process and any associated tasks.
* Signposting to external bodies of information and best-practice resources will be provided to all staff, as well as strategic use of external sources of commercial acumen as needed.
* Commercial awareness and understanding will be built into performance appraisal processes where appropriate.
  1. Positively for Lewisham, it has been reported that 71% of employees responding to the staff survey (2018-19) agreed that their line manager is open to new ideas and fresh ways of doing things[[21]](#footnote-21) (16% neither agreed nor disagreed and 12% disagreed).

# Findings

‘Scrutiny has to be underpinned by an understanding of the cultural transformation necessary in councils seeking to adopt more commercial approaches to their work’

(p14, APSE report)

* 1. Evidence gathered for previous Committee reviews provided a range of ideas for commercialisation for the Council to consider. Nonetheless, as set out above, there has not been an immediate move to increasing the commercialisation of Council services. This led to the Committee’s development of key line of enquiry one – in order to explore options for: creating a workable, vibrant and positive commercial culture. The key line of enquiry was comprised of these key questions:
* How can we instil a more commercial mind-set throughout the council not just in one department?
* How will the council encourage and provide the structures necessary for officers at any level to instigate new ideas?
* How will the council take more of a collective responsibility and lessen any blame culture so that officers have the freedom to act?
* Are there any corporate structures in place that could be hindering this kind of work?  If so how should they be changed?
* How do we create a culture where risk is talked about openly and candidly for courageous ideas to be brought forward?
* How do we use the generation of income itself to motivate officers? Do we allow departments to keep back generated income for further innovative projects or does all the income come back centrally?
* How does the council breed a culture of understanding among officers and members that this is positive change and done for the very best possible reasons and outcomes? Are the structures in place to do good constructive performance management of projects?
  1. Evidence gathered by the Committee for this review has been more narrowly drawn than in previous reviews. It should be noted that the review’s focus is on commercialisation and culture change, rather than on ideas for new business or innovation. With this in mind – the Committee sought to understand work being carried out by two other London Boroughs – in comparison to the work being carried out in Lewisham. Evidence gathering included:
* A visit to the London Borough of Barking and Dagenham – to meet with the Cabinet Member and senior officers regarding the Council’s ambitious (and award winning) transformation programme.
* A session with senior officers from the London Borough of Waltham Forest, regarding the programme of commercialisation and culture change undertaken by that Council.
  1. Lessons learned from these sessions – as well as from briefings and reports to the Committee are set out in the following sections:

## Transformation on an organisational scale: the case of Barking and Dagenham

* 1. As with many other councils – the London Borough of Baking and Dagenham (LBBD) has been subject to significant and sustained pressures on its budget. In 2015/16 it carried out a consultation with the community about the challenges facing the delivery of Council services to 2020[[22]](#footnote-22). As a result, the Council embarked on a comprehensive reorganisation of its services – into a commissioning and delivery model.

‘…it was decided that the Council will no longer have separate functional departments or directorates, rather that the organisation would be shaped around the needs of people, the place, and our goals. As a result, the delivery of services will be undertaken by a range of ‘Service Delivery Blocks’.’[[23]](#footnote-23)

Key finding: LB Barking and Dagenham embarked on a wholesale transformation programme of all of its functions and services in order to bring about the changes it identified as necessary to its organisational culture.

* 1. This reorganisation resulted in the creation of several commercial enterprises   
     (in 2017 and 2018) – which were designed to operate autonomously on behalf of the Council.
* **BeFirst** – was established to deliver the real estate development of social housing and regeneration schemes more quickly than the capacity of the Council;
* **Barking and Dagenham Trading Partnership** – took on management of the workforce for facilities management and catering and it offers maintenance and catering services to business and government bodies within the area;
* **Barking and Dagenham Schools Improvement Partnership** – was set up as a partnership between the Council and a number of schools, with the aim of providing services to schools to improve outcomes for pupils;
* **Reside –** was established to buy, build, let and manage affordable/shared ownership housing with and aim to improve housing for local residents.

Key finding: Commercial entities/companies have been created in Barking and Dagenham to maximise business opportunities. This has helped to shift the focus of the whole Council towards commercialisation.

* 1. The transformation programme has enabled the Council to manage its budgets in a new way. There is no longer a requirement for finance officers to send out cuts pro-formas to ‘salami slice’ budgets. Savings were made through the complete reorganisation of the authority. Funding for the transformation programme has been largely drawn from the flexible use of capital receipts.
  2. Developing commercial focus and establishing income generating activity were founding ambitions for the new companies. Additionally, the scope and scale of the transformation programme made it clear to employees at all levels of the Council that the organisation was serious about making wholesale changes to the way it operated.

Key finding: With positive leadership, officers can be provided with the confidence to look at their work differently, start to explore, and ultimately trust, other models of working, rather than repeating the same patterns.

* 1. The commercial arm of the Council has an independent board – which is chaired by a senior independent person. The Council monitors the activities of its commercial enterprises as a shareholder. It also manages an investment board – which oversees allocation of funding for major schemes and assesses risks.

Key finding: At LB Barking and Dagenham political leaders are not involved in the management of the external companies - which have been given the freedom to act at will (in line with their share holder agreements).

* 1. There are no Councillors on the board of the Council’s commercial arm and the political leadership does not have daily intervention in company activities. However, there is political oversight of company aims and objectives and the Council has observers (who do not have voting rights) on the independent board.
  2. The Council commissions services from its arm’s-length companies to provide outcomes based on the Council’s corporate plan. Nonetheless, there is a fundamental separation between the Council’s role as a commissioner and the Council’s role as a shareholder.
  3. The Companies were set up and are structured to prevent future issues. One of the ways of doing this is through an overarching holding company which incorporates mechanisms which free it from procurement rules through Teckal exemption. Importantly, no private sector company makes a profit out of the arrangements.
  4. Shareholder agreements and business plans for the new companies were tightly drawn up and carefully thought-through before implementation. There are ongoing arrangements for managing risks (these are summarised below).

## Risk management

“We trust our ability to come up with new ideas to deal with risks in times of adversity.”

* 1. Members on the visit to Barking and Dagenham heard that the Council clearly and extensively communicated the risks of not doing anything to change services. The transformation programme helped managers to understand that their services had to change in order to continue to exist.
  2. The Council’s commercial focus has been recognised in the wider community – and a number of proposals and ideas have been submitted from external organisations, businesses and public sector partners. This includes commercial investors who recognise the stability of working with the Council.
  3. Senior leaders accept that in order to maintain the pace of change and to achieve the benefits of the transformation there’s nothing that shouldn’t be looked at for transformation or investment and they consider each proposal on the balance of risks and priorities.

Key finding: Senior political leaders and managers at LB Barking and Dagenham are wholeheartedly invested in the transformation programme. There is also an understanding of risk – which enables a culture of innovation.

* 1. Conversations about the appetite for risk were an important part of the development of the shareholder agreements between the Council and its commercial entities. Mechanisms were in place to guide the risk strategies of the Council’s commercial bodies without officers always needing to return to the Council for shareholder approval.
  2. There remain some risks to the transformation. This includes the risk of officers returning to inefficient ways of delivering services. It is recognised that embedding good practice at all levels of the organisation will take time.
  3. The Council’s commercial entities are in a position (backed by the Council as a landowner, local service provider and organisation backed by long term financial stability) to access opportunities that private entities do not.

Key finding: Measures are in place to manage and mitigate risks – but there are significant risks involved in commercial activity – including unforeseen changes in the economic environment at local, regional and national level.

* 1. The provision of housing by Council companies also enables the Council to meet its policies for tackling the housing crisis. At present there are no properties for rent or sale at full market rates, though it is recognised that this may need to change if the economic circumstances change.

## Governance and rigour

* 1. The Council maintains a tight focus on the development, planning and delivery of the specifications for new commercial enterprises. Officers engaged with the Council’s commercial enterprises recognise that processes have to be robust.
  2. Decisions about mayor investments are considered by the Council’s ‘investment panel’ before approval. The Panel is guided by a ‘gateway appraisal process’ which officers use to manage the process of making new investments across a number of stages: from outline viability, on to further assessments of feasibility up to detailed costing and assessment of new proposals.
  3. Each company operated by the Council is developing its own style of operations and points of view. There is a degree of competitive tension between senior officers on the investment panel which this ensures quality of outcomes. The Council also maintains communication with the ends users of Council services and, where possible, they are included in the competitive process.
  4. Scrutiny was consulted on the transformation programme. As with the rest of the transformation programme - governance had been streamlined so that there are fewer committees and meetings but the structure ensures that there are opportunities for pre-decision scrutiny.
  5. The Council also has a ‘Shareholder Panel’ to act as an advisory body to the Cabinet. Its role is to ensure that the Council’s legal responsibilities as a shareholder are fulfilled and that the activities of the commercial entities are aligned with the Council’s strategic objectives. The following terms of reference are from a Council report:

‘The terms of reference for the Shareholder Panel outline its main purposes as being to:

* Review and monitor long term strategic objectives via Company Business Plans prior to consideration and approval by Cabinet as the Shareholder. Oversee and ensure compliance with all TECKAL related obligations.
* Monitor Company compliance with approved and adopted Business Plans.
* Monitor the exercise of any Reserved Powers according to the Articles of Association by Cabinet or as delegated by Cabinet.
* Monitor compliance with any legal duties required of a Shareholder.
* Review Company financial performance on a quarterly basis and report to Cabinet any concerns.’[[24]](#footnote-24)

## Opportunities for review

* 1. In September 2019, scrutiny at Barking and Dagenham considered a report outlining the findings of an internal review[[25]](#footnote-25) that had been carried out on behalf of the Shareholder Panel. The review identified a number of areas of good practice, including: the clarity of the legal agreements in place between the Council and its companies; the strength of formal business planning process – including the submission of plans to the Council annually for review and approval; the structuring of the relationship between the Council and the companies, including the separation of the Council as a shareholder and commissioning customer.

Key finding: Political oversight by overview and scrutiny is welcomed – but - the principal mechanism for challenge appears to be via the interoperation of Council officers as commissioners and shareholders.

* 1. However, the review also outlined a number of risks, including: the lack of alignment between company business plans and the development of business cases in the first year of operation; the lack of a clear methodology by which the Council should review quarterly reports produced by the companies; and – the lack of a risk register to evaluate the risks faced by the whole Council from the operation of the companies.
  2. The Council is still in the process of delivering the transformation programme so in terms of definitive measures of success, it is still too early to say. However, reports[[26]](#footnote-26) to the Council’s Cabinet in early 2019 indicate that the Barking and Dagenham Trading Partnership forecast to double its financial return to the Council from £744k to £1.4m (for the 2017-18 financial year). In addition, it was reported that the schools partnership was due to produce a surplus as opposed to the deficit it had forecast.
  3. The report also indicates that the Partnership is due to significantly increase its returns to the Council over its business plan period (2018-2022) – following a strong first year of trading which has exceeded expectations. It was recognised that there were some issues in the development and delivery of the transformation programme. But – broadly, the programme is processing as planned and that the scale of ambition of the programme meant that it was likely to encounter some ‘bumps in the road’.

Key finding: There are unique commercial opportunities for councils but there are also unique risks.

* 1. Officers and Members at Barking and Dagenham believe that planning for the future is sufficiently good to avoid serious risks. However, it is recognised that the Council is not in the same position as other investors. In a difficult financial climate, it cannot not pause investment decisions or curtail its commercial activity until the situation has improved – it has to continue delivering on it business plans and to ensure that it is generating income year on year.
  2. Members and officers are motivated by the vision for the transformation – to ensure that every investment made by the Council should be driven by the intention to support the most vulnerable.
  3. One of the key benefits of the transformation programme is that managers are conscious of the costs of the delivery of their services. It is recognised that in order to make comprehensive changes to the organisation officers need to know what they are spending money on and the price of the delivery of those services.
  4. In local government generally, demand and the costs for delivery of services continues to rise. The Council is focusing future efforts on preventative work and demand management. It is recognised that the costs of delivering services can be contained if there is early intervention as opposed to working with people once they have reached a point of crisis.
  5. In future, the Council intends to increase focus on the “end to end” processes of service delivery. In particular, the Council’s service delivery providers for children’s and adult services are putting increasing efforts on analysis, data and service user insight to determine whether there are opportunities for improvements.

## Progressively growing a commercial culture: the case of Waltham Forest

* 1. Members of Public Accounts Select Committee were interested in the case of the London Borough of Waltham Forest because the Council has taken a distinctly different approach to commercialising its culture – in comparison to LB Barking and Dagenham. The findings that follow are based on discussions held at a meeting between officers from Waltham Forest[[27]](#footnote-27) and members of the Public Accounts Select Committee (and include additional information from documents referred to at that meeting).

## Determining the opportunities

‘What do we do well..? That’s where we are going to enter the market.’

Officers from LB Waltham Forest

* 1. Waltham Forest is:
* A borough of high population growth;
* A predominantly residential borough with one of the smallest economies in London;
* Seeing strong business growth in recent years – focused in small businesses (which has had a lesser impact on jobs growth);
* A young borough – with more children and working age residents than the UK average. However, the population is increasingly ageing;
* Increasingly diverse, without a single majority group;
* Experiencing a high level of population churn from people moving into and out of the borough;
* Facing ongoing uncertainty from regional and national changes in policy;
* Ranked as the 35th most deprived local authority in England (of 326) in 2015.

Key finding: The borough of Waltham Forest has some similar opportunities to Lewisham and it faces some of the same challenges.

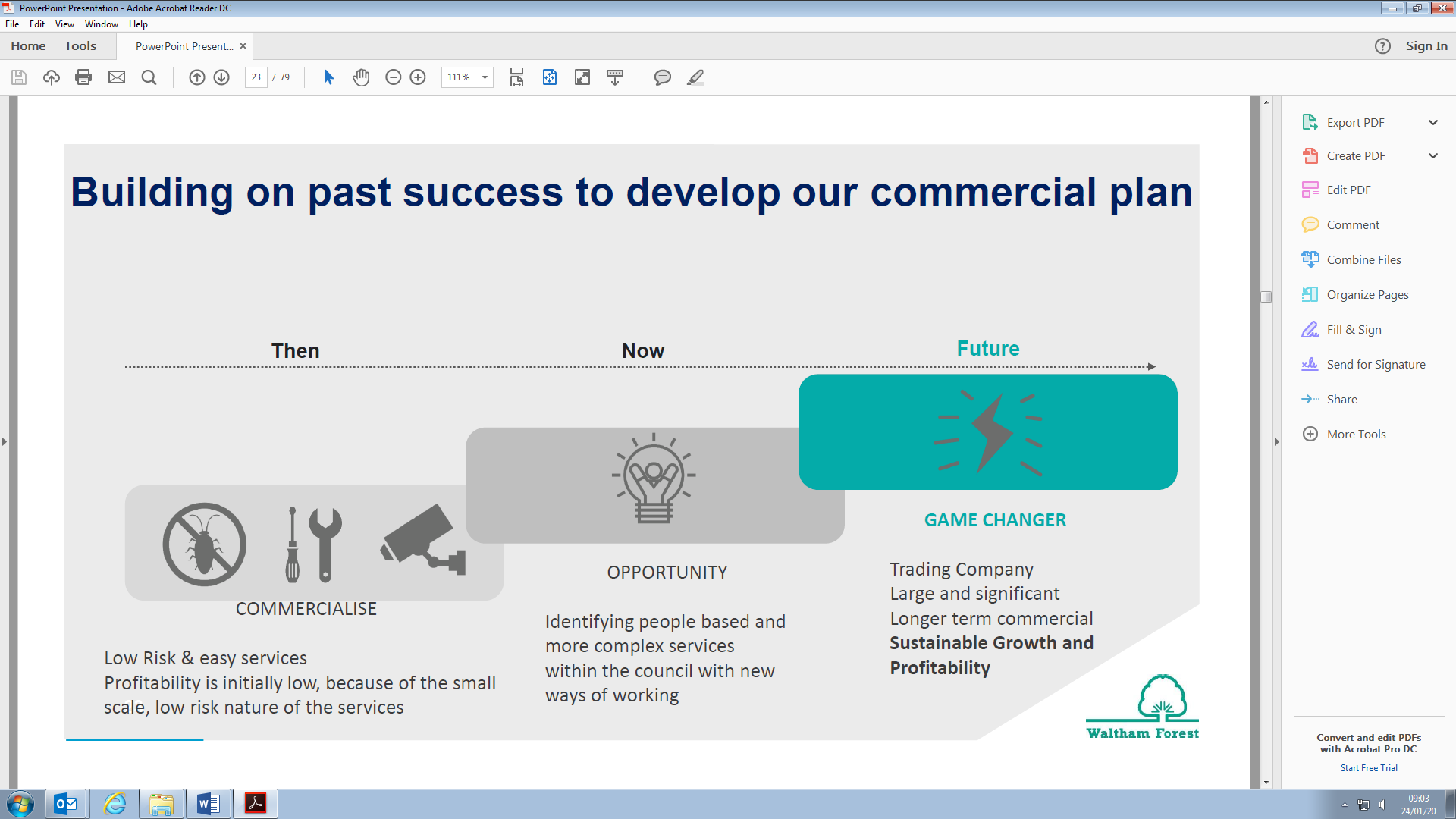
* 1. As with all local authorities, the London Borough of Waltham Forest has experienced years of sustained financial pressures. In order to mitigate the combined impact of: government cuts to its core funding and increases in demand (due to growth, demographic changes and pressures on social care) as well as the requirement for cost savings, the Council identified a number of areas of strength in which it sought to commercialise services.
  2. The Council’s approach to commercialisation was supported by a change programme – with a dedicated website and roadshows for officers to contribute ideas. The transformation programme included a number of problem solving workshops as well as projects for exploring opportunities for innovation. Officers recognised that there were skills within the Council and that these could be utilised if people were given space to innovate.
  3. The importance of leadership for the change programme was acknowledged – as were the efforts of key individuals - but the importance of practical support for people in services was emphasised as an important factor for driving innovation.
  4. Focusing on a recognised area of demand and existing strengths, the Council’s journey into commercialisation began with the setup of a commercially focused handyman service - in coordination with adult social care services. The early success of commercial activities provided proof of concept for the Council’s commercial approach and early failures were used as opportunities to learn. One of the key things officers had to learn – was the importance of determining when to stop doing things that were not working well.

Key finding: LB Waltham Forest has taken an approach to commercialisation that focuses on the strengths of its existing services.

* 1. It was recognised early on that the Council’s services could not be the cheapest provider of services – however – the Council has a persistent presence in the borough and relationships with key partners which it recognises as a strength. Commercial activities are supported by robust business cases – however there is a recognition that some projects will save time rather than money in the first instance.

Key finding: A culture of innovation at the Council has been encouraged by building on successes and learning from failures.

* 1. Internal funding was made available in 2016 to set up a separate trading company to develop and expand the Council’s commercial activities.

Buil

* 1. The external company (Waltham Forest Services Ltd) is wholly owned by the Council and incorporates a commercial trading arm in compliance with the TECKAL regulations.
  2. The company utilises independent accountants who use an external accounting platform (QuickBooks) to manage the company’s accounts (it was noted that the company’s accounts are audited with the Council’s and are compliant with all of the relevant regulations).
  3. The company buys some legal services and payroll functions from the Council (its structure means that some services have to be purchased from the Council) but the company has a clear plan to move away from Council platforms – including the Council’s website and systems for invoicing. It uses an external human resources provider.

Key finding: The Council’s commercial vehicle draws on expertise from the Council but it has its own processes and structures. It is free to innovate and adapt to the market.

* 1. All parties in Waltham Forest recognise the importance of getting the governance for the company right. The board of the company is currently comprised of council employees and it reports to a subcommittee of the Executive. There are no councillors on the company board.
  2. The company develops its annual business plan in consultation with senior Council officers. The plan is presented to the shareholder committee (a subcommittee of the Executive) for agreement. The Council is the sole company shareholder and any profits generated from external companies return the Council’s general fund.

Key finding: The Council is ambitious and outward facing in its approach to commercialisation.

* 1. The company has a social value approach that focuses on hiring locally and buying in favour of local communities. Specifically, it works with a local organisation that finds employment for people who are long term unemployed. Nonetheless, the company is able to achieve efficiencies by employing people directly (as opposed to relying on Council employment).

‘People like doing business with the Council because we aren’t going anywhere.’

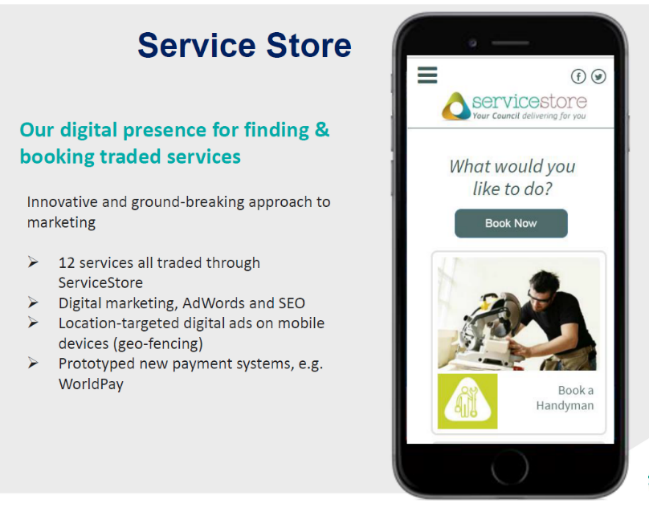
Officers from LB Waltham Forest



## Embracing innovation

* 1. Innovation by the Council’s commercial arm is being bolstered by a progressive approach to the use of digital systems.
  2. The ‘Service Store’ branding and marketing builds on the reliability of the Council brand with a separate user friendly digital interface. It also enables the development of future projects for commercialisation of Council services with a tried and tested approach.

Key finding: The ‘Service Store’ brand builds on the backing of the Council but it is distinct enough to enable innovation.

* 1. The Council’s approach to commercialisation and innovation has also provided opportunities for the development of new projects. 
  2. One pertinent example is the collaboration brokered by the Council between a group of local students and Amazon web services. Through a process of trials, pilots and some missteps the Council has developed a cost effective ‘ChatBot’ for its website, with the added benefit of providing opportunities for local students to develop their skills.
  3. The close working relationship between the Council and its company continues to provide new opportunities for both organisations. The company provides cheaper and better service provision than that available from private providers. It also enables the Council to focus on the delivery of its core services.

Key finding: The early successes of the Council’s commercial activities have given officers the impetus to change processes and to explore opportunities for digital advances.

## Training and development

* 1. Lewisham’s Director of Human Resources and Organisational Development was invited to the Committee in order to provide an update on the Council’s work on developing organisational culture and enabling officers to be more commercially minded.
  2. Key questions:
* Does the council have officers with the right skills and training to do this work? If not, how can a training programme be put in place and what are the resource implications of this?
* Do officers have enough time? How will projects be organised so that the every-day work of the council is not adversely affected.
* How should income generation priorities be organised, taking account of: political priorities; the ambition to create social value as well as the requirements for sustainability and minimisation of risk?
  1. The Committee heard from the Director that the ‘Lewisham Way’ behaviour framework and values have long been the foundation of the Council’s approach to working with residents and delivering services ‘…defining what makes Lewisham different and special’. The behaviours are designed to provide the understanding and clarity from which officers can both lead and learn.

Key finding: Lewisham Council is in the process of reviewing its vision for people management and organisational development.

* 1. As part of the nine behaviour elements that form the refreshed Lewisham Way culture, there are three that directly support the development of a commercial mind-set. These are:
* Create and Innovate
* Measure and Evaluate
* Think broadly and find solutions
  1. Lewisham’s officers have developed the new Lewisham Way from a range of activities, including (but not limited to): assessment of the relevant research; sessions with cabinet members; workshops with staff; the findings of the democracy review and feedback from the staff survey. Work on the new Lewisham Way has been taking place for a number of months, nonetheless, in the intervening time the Council has appointed a new Chief Executive – who wanted to spend more time consulting with staff before finalising the new approach.
  2. It is intended that the new behaviours described in the Lewisham Way will be embedded in the Council’s performance management and human resources processes and policies (from induction, to hiring processes and performance management) and a number of new imperatives relating to commercialisation have been included in the new behavioural framework, including: ‘create and innovate’ – ‘measure and evaluate’ – ‘think broadly and find solutions’ (which had previously only included the impetus to ‘think broadly’) and – ‘maximise value’.

Key finding: Two types of training will be developed for officers. One will be for strategic leaders and the other will be for service managers.

* 1. The intention is to create new training processes relating to each of the new behaviours. In some cases, however, the training will relate to a number of the behaviours. The Committee heard that courses will be developed for senior managers and for group managers. The ‘leaders’ course will be based on case studies and would focus on strategic approach to commercialisation. The course for group managers will be longer and more in depth. It will be delivered in partnership between training providers and Council officers in the strategic procurement and commercialisation team.

Key finding: The Council’s approach to commercialisation has to be led ‘from the top’.

* 1. The Committee has ascertained that officers recognise that leadership is important to embedding a commercial mind-set in the Council. Nonetheless, the Director of Human Resources and Organisational Development notes that it is also important that people at all levels recognise their own capacity to develop new ideas and effect change. It is also recognised by officers that culture change in organisations takes many years and is difficult to do successfully.

## Lessons from Barking and Dagenham

* 1. The Barking and Dagenham experience of officer skills and adaptability also provides some useful insights into the importance of training and developing staff:

Key finding: Officers with the appropriate skills have been encouraged to join the newly established companies – which have the freedom to remunerate employees with performance related pay.

* 1. As the Council embarked on its transformation programme it realised that some staff had commercial skills - but not all. And - whilst there were a number of transfers of existing employees - the new commercial bodies were enabled to recruit staff on the terms and they wanted - with performance related pay. Built into this system, however, were policy considerations - in line with the Council’s social aims. This means that the highest paid staff in its commercial enterprises can only be paid in proportion to the lowest paid employees.
  2. The radical nature of the transformation programme brought out an aptitude for creativity in a number of Council officers - who welcomed the change as an opportunity to improve and reform. The scale and ambition of the programme spurred on new ways of thinking and allowed those who did support the transformation to exit the organisation.
  3. Engaging with staff through ‘creative workshops’ was an important part of the programme and this enabled staff at all levels the opportunity to think about how their services could be structured. The programme also gave people the opportunity to think differently. Senior officers recognised that people were worn out by ‘salami-slicing’ of budgets and willing to think creatively of new ways of doing things.
  4. The scope and scale of the transformation programme (as well as the requirement to continue ‘business as usual) necessitated upfront investment in consultancy support – which was provided via the Council’s relationship with Agiliysis.
  5. As a result of the transformation programme - everyone in the organisation moved to a new job role – over the medium term it also resulted in a two thirds reduction in agency and consultancy staff. However, the change was achieved without any forced redundancies.

Key finding: Recruitment, training and retention must be embedded to support the development of a commercial culture.  The performance appraisal framework also needs to support this. A commercial mind-set needs to be systematically fed into Council culture.

* 1. In terms of training for staff - there was a focused programme for the top 200 managers in the organisation – who received support to enable them to lead the change in their service areas. However, there was not a broad ranging “sheep dip” offer of training to all officers.

Key finding: An important additional benefit from the development of a commercial culture it the increased focus on rigorous budgeting and control of spending pressures.

* 1. The vision for the change was clear from the beginning – and the leadership of the organisation was upfront about the move to an increasingly commercial mindset. There remains a rigorous focus on what managers are spending their money on and why. The transformation enabled an increased emphasis on managers being accountable for their budgets and it led to the quick identification of pressures or unanticipated rises in costs.

# Monitoring and ongoing scrutiny

Key question from Committee discussions:

* What is the role of scrutiny going forward with this process?
  1. The Committee has a long-term interest in the issues of commercialisation and income generation. It has reviewed a number of interesting case studies and drawn on best practice from a range of local authorities.
  2. Members’ ongoing determination has resulted in incremental changes in the Council’s work in this area – most notable has been: the appointment of a strategic procurement and commercial services manager; a budget to support the delivery of this agenda across the Council; the development of a coordinated approach to reviewing fees and charges; the formalisation of the income board and the development of an income generation strategy alongside enhanced policies on social value and improved procurement and contract management processes.
  3. During the scoping of this review – the Committee set out a wide-reaching set of ambitious questions to answer. Due to the nature of the review process and the other demands on Committee time, it has not been possible to find answers to all of these questions. It should be noted that the following issues that have not been covered in-depth. Members should consider whether these issues require further scrutiny.
* Resourcing and capacity for officers to carry out this work;
* The Council’s risk appetite;
* The role of senior leaders.
  1. In addition – it has been proposed that the Committee attends a pilot of the training sessions that will be offered to officers.
  2. As a result of the democracy review – it is proposed that the structure of overview and scrutiny in Lewisham will be altered. Time limited ‘task and finish’ groups will be established in the 2020-21 municipal year to take forward in-depth scrutiny of key issues identified by members of the overview and scrutiny committee. This provides an opportunity of members to propose a further review of issues that have not been considered as part of previous commercialisation and income generation reviews – in addition to the regular cycle of updates from officers at the Public Accounts Select Committee.

# Recommendations

## *Successful culture change requires leadership*

* 1. The Committee welcomes the proposal to review commercial issues, income, trading and contracts as part of the Council’s budgetary response to the impact of Covid-19. The Council’s senior leadership should champion a commercial approach to managing contracts, developing new ideas and building on areas of success.
  2. Despite the delays and difficulties posed by the pandemic – the Committee believes that commercialisation and culture change training should be carried out for Council managers. Now more than ever, it is vital that leaders across the organisation have sound knowledge of the costs of their services – as well as the ability to identify opportunities to improve the cost base, increase income and better manage risk. The Committee would welcome a summary of feedback from any commercial awareness training sessions being held for staff members - as part of regular updates on progress.
  3. The Committee believes that there should be a full and open discussion about risk tolerance. It recommends that a workshop for all Councillors be held – at which the issues of commercialisation, governance and risk are discussed.

## *Successful commercialisation is about building on strengths*

* 1. The Committee recognises that the Council’s officers are its greatest resource of ideas and creativity. The Council should develop an easily accessible process for continually encouraging and gathering new ideas for service improvements and commercial projects from Council employees.
  2. Further work should be carried out to determine where there are opportunities to generate commercial income. Recognising one of our key findings from London Borough of Waltham Forest, this should build on those areas in which the Council has acknowledged capability. The restraint on Council finances should not mean that this work is limited by lack of resources.

# Background papers and sources

Reports to (and minutes of) the meetings of Public Accounts Select Committee on these dates:

* 10 March 2015: [link to meeting papers](https://tinyurl.com/y8xny2sd)
* 14 April 2015: [link to meeting papers](https://tinyurl.com/ybad29ff)
* 14 July 2015: [link to meeting papers](https://tinyurl.com/y9oalgp2)
* 29 September 2015: [link to meeting papers](https://tinyurl.com/yblmot8o)
* 28 October 2015: [link to meeting papers](https://tinyurl.com/yabzsu37)
* 16 March 2016: [link to meeting papers](https://tinyurl.com/yae2wlq2)
* 5 July 2016: [link to meeting papers](https://tinyurl.com/y9m8bg9w)
* 30 November 2016: [link to meeting papers](https://tinyurl.com/ya7t9u4z)
* 27 September 2017: [link to meeting papers](https://tinyurl.com/y9wxkuvh)
* 21 March 2018: [link to meeting papers](https://tinyurl.com/ybszg8o2)
* 25 September 2018: [link to meeting papers](https://tinyurl.com/vkyvkc3)
* 20 December 2018: [link to meeting papers](https://tinyurl.com/ybdt92mb)
* 20 March 2019: [link to meeting papers](https://tinyurl.com/y6nwprvy)
* 13 June 2019: [link to meeting papers](https://tinyurl.com/vundvyl)
* 10 July 2019: [link to meeting papers](https://tinyurl.com/tzcv4m2)
* 6 November 2019: [link to meeting papers](https://tinyurl.com/rvsv32s)
* 16 December 2019: [link to meeting papers](https://tinyurl.com/yx5tr295)

Local Government Association (2019) Profit with a purpose – delivering social value through commercial activity - online at the: [link to report](https://www.local.gov.uk/profit-purpose-delivering-social-value-through-commercial-activity)

Local Government Association (2017) Enterprising councils: supporting councils' income generation activity, online at the: [link to report](https://www.local.gov.uk/enterprising-councils-supporting-councils-income-generation-activity)

Lisa Bibby consulting (2016) - *Lewisham Income Generation Opportunities review* – online at the: link to report

Lewisham Council Budget 2018-19: [link to report](http://councilmeetings.lewisham.gov.uk/documents/s55304/2018%2019%20Budget.pdf)

Lewisham’s income generation guidance (2015): [link to report](http://councilmeetings.lewisham.gov.uk/documents/s35464/05IncomeGenerationAppendixA140415.pdf)

Lewisham risk management strategy 2017-2020: [link to report](http://councilmeetings.lewisham.gov.uk/documents/s53876/Risk%20Mangement%20Strategy.pdf)

New Local Government Network/Local Government Association, Outside the Box: the Council workforce of tomorrow (2016): [link to report](https://www.local.gov.uk/sites/default/files/documents/outside-box-ab0.pdf)

House of Commons Library Briefing (alternative models of service delivery): [link to report](https://researchbriefings.files.parliament.uk/documents/SN05950/SN05950.pdf)

Wazoku/WeCreate: [link to website](https://www.wazoku.com/resource/video-lewisham-council-interview/)

Love Lewisham research paper: [link to report](http://www.ep.liu.se/ecp/059/013/ecp09059013.pdf)

For further information about the WeCreate ideas management software see: [link to website](https://www.wazoku.com/continuous-improvement-to-employees-and-beyond/)

NewsShopper article on the use of WeCreate: [link to article](https://www.newsshopper.co.uk/news/11172419.lewisham-council-asks-staff-for-ideas-to-help-cut-95m-from-budget/)

Barry Quirk’s article in the Municipal Journal: [link to article](https://www.themj.co.uk/Creative-solutions-require-lots-of-perspectives/196967)

Councillor Louise Krupski’s Notes from LGA Commercial Skills Masterclass for Councillors – Wednesday 9 October 2019 presented to the meeting of Public Accounts Select Committee on 6 November 2019 available online at: [link to briefing note](http://councilmeetings.lewisham.gov.uk/documents/s68857/05%20Appendix%204%20-%20Councillor%20Krupski%20-%20LGA%20Commercial%20Skills%20Masterclass%20for%20Councillors%20October%202019.pdf)

Agenda for the Safer Stronger Communities Select Committee (16 July 2019), Council’s employment profile and staff survey results: [link to agenda](http://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=189&MId=5525&Ver=4)

John Hubbard’s presentation to the ‘Rethinking local government service provision: improving delivery in times of fiscal constraint’ Westminster Briefing (from p20 onwards)

[link to presentation](http://www.westminster-briefing.com/fileadmin/Local_gov_service_provision1.pdf)

# Appendix

Appendix 1 – key decisions (as defined by the Council’s constitution)

(a) Decisions which will be likely to result in Council expenditure or savings of £500,000 or more (save treasury management transactions taken in accordance with the Council’s Treasury Management Strategy as approved by the Council)

(b) Any decision likely to be significant in terms of its effect on communities living or working in an area comprising two or more wards, whether the impact is direct (e.g. where the decision relates to a road which crosses a ward boundary) or indirect (e.g. where the decision relates to the provision or withdrawal of a service which is or would be used by people from two or more wards)

Decisions will still be deemed to affect more than one ward even if one or more of the wards affected is outside the borough.

(c) The Council will also define all executive decisions which relate to matters within the categories listed below as key decisions whatever their financial impact, and irrespective of the number of wards affected by them:-

(i) Consideration of any report prepared by an external organisation (e.g. OFSTED) into the performance of the Council whether in general or in relation to a particular case, including the Council’s response to it.

(ii) the closure or significant change in the character of a school or other educational facility.

(iii) consideration of any report relating to the possibility of the withdrawal of delegation of budget from a school

(iv) the giving of any statutory notice to a school or other educational establishment

(v) directions relating to the use and occupation of school premises

(vi) decisions relating to schools admission policy and standard numbers for schools

(vii) the making of instruments of government for schools

(viii) policies relating to special needs, attendance and exclusion, awards, charging and remission

(ix) the Council’s scheme for the financing of maintained schools

(x) closure of, or significant reduction in provision of, any Council service

(xi) where the decision is one which will involve a significant change in the manner of Council service provision,

(xii) the fixing of fees and charges for Council services

(xiii) granting or withdrawing financial support to any voluntary sector organisation in excess of £10,000 (excluding financial support to any organisation which is funded by government initiatives e.g. European Funding)

(xiv) writing off any bad debt in excess of £50,000, unless the Council has within the last 3 years already written off debts for the person/organisation concerned totalling that amount in which case any further write off would be a key decision

(xv) the disposal of any Council property for less than best consideration

(xvi) the disposal of any interest in Council property with a value of £500,000 or more

(xvii) the taking by the Council of an interest in land worth £500,000 or more

(xviii) the granting of any interest in land where the interest is valued at £500,000 or more

(xix) the exercise of the Council’s compulsory purchase powers

(xx) applications for funding from any external body which if successful would also require Council match funding of £500,000 or more, or entail a revenue commitment of at least £500,000 in total by the Council

(xxi) consideration of any matter which is to be the subject of a recommendation to full Council

(xxii) consideration of any matter in which, to the decision-maker’s knowledge, the decision-maker (or any member of a committee or sub committee making the decision) has an interest which ought to be declared.

(xxiii) the award of a contract with a total value of £200,000 or more

(xxiv) where at least 5 members of the Council request that it be treated as a key decision, provided that in the opinion of the Monitoring Officer, they do so a least 6 weeks before a decision is likely to be taken

(xxv) where there is evidence of significant local opposition to proposals made by the Council

(xxvi) where the Chair of Council on advice from the Head of Paid Service and/or Monitoring Officer and/or Chief Finance Officer is of the view that the matter is one which ought properly to be treated as a key decision, and informs the proper officer to that effect at least 6 weeks before the decision is in the opinion of the Monitoring Officer likely to be taken

(d) A decision maker may only make a key decision in accordance with the requirements of the Executive Procedure Rules set out in Part IV of this Constitution.

Appendix 2 – attendees at evidence gathering sessions

## Attendees at the meeting with LB Barking and Dagenham 2 September 2019

LB Lewisham

Councillor Jim Mallory, Chair of the Public Accounts Committee

Councillor Louise Krupski, Vice-Chair of the Public Accounts Committee

Councillor Patrick Codd

Councillor James Rathbone

Councillor Mark Ingleby

Timothy Andrew (Scrutiny Manager)

Sunil Shahaney (Income Generation and Commercial Services Manager)

LB Barking and Dagenham

Councillor Dominic Twomey (Cabinet Member for Finance, Performance and Core Services)

Claire Symonds (Chief Operating Officer)

Hilary Morris (Commercial Director)

## Attendees at the meeting with LB Waltham Forest 13 January 2020

London Borough of Lewisham

Councillor Jim Mallory, Chair of the Public Accounts Committee

Councillor Louise Krupski, Vice-Chair of the Public Accounts Committee

Councillor Patrick Codd

Councillor Joan Millbank

Councillor James Rathbone

Timothy Andrew (Scrutiny Manager)

Sunil Shahaney (Income Generation and Commercial Services Manager)

London Borough of Waltham Forest

John Hubbard (Director of Commercial and Innovation)

Richard Holland (Assistant Director of Technology Innovation)

Appendix 3

## Gathering ideas from employees: we.create briefing Lewisham Council logo square black and white

As part of the evidence gathering for the review – the Committee considered a briefing on a project previously carried out by the Council to gather innovative ideas from staff. This is reproduced below:

## We.Create: using a social media platform to generate ideas

In 2013, responding to Government austerity, Barry Quirk (Lewisham’s previous Chief Executive (1993-2017)) oversaw the development of a project to ‘crowdsource’[[28]](#footnote-28) new ideas from Lewisham’s employees. The project was part of the wider engagement carried out through the corporate cuts programme.

Officers in the Council’s transformation team[[29]](#footnote-29) led on this project and managed the administration of the system. In essence, it was an online messaging board with closed access for Council staff to post ideas, like and comment on the ideas of others. The project was carried out over a period of two years and it was structured as a series of ‘challenges’ posed by senior managers.

At the time, this work was highlighted as an example of good practice and Barry Quirk wrote about it in the Municipal Journal:

‘Thousands of staff can contribute to how we address our savings targets and reshape our services. Using social media democratises ideas - everyone can contribute; and everyone can comment on other people’s ideas. Those ideas that receive the greatest support ‘rise to the top’ of our rank list. This reduces the bureaucracy that comes with traditional suggestion schemes and opens up dialogue to a wider range of staff.’

Barry Quirk (2014)[[30]](#footnote-30)

Ideas generation for income generation and commercialisation was one of the early challenges posed on the system. Each of the ideas generated by officers was reviewed by the transformation team and discussions were held with senior managers about the viability of those ideas.

Initial successes and ‘quick wins’ were reported back to employees as well as councillors and officers in the transformation team proposed a second stage for the project – which would have involved opening up the platform to members and to public sector partners[[31]](#footnote-31):

In the video the Council officer talks about the support that Wazoku has provided to the Council and the future plans for the We.Create platform.

However, by mid-2015 the dedicated support for the project ended and it declined in significance. Anecdotally, it suffered from interrelated issues of overzealous branding during a period of financial restraint and staffing reorganisations as well as: lack of support from some senior managers and the conduct of some officers on the message boards. Nonetheless, by the time it concluded, over 860 members of staff had used the platform, 11 challenges had been posted and 100 ideas had been raised.

## Lessons learnt

* *The need for dedicated support*

Managing the contract with the external provider, posting challenges, managing contributions and (most importantly) developing proposals required the efforts of at least one full time officer in the transformation team in the early stages of the project.

* *Willingness and ability*

The project demonstrated that there was aptitude amongst Council employees to innovate and to develop new ideas.

* *Timing, tone and branding*

The project coincided with a period of significant financial restraint, reorganisations and job losses. Any novel approaches to engagement with employees in the future would need to give consideration to this.

## Issues for further consideration/next steps

* *The new Lewisham Way*

The Director of Organisational Development and Human Resources is revising the values and behaviours expected of Council employees as part of Lewisham’s approach to people management. This has been titled the new ‘Lewisham Way’. An essential element of this work entails the improvement of communication between teams and from all levels of the Council to senior management. The Committee’s focus on generating ideas and encouraging commercialisation needs to be viewed in the context of this work. The Director is due to attend the Committee’s meeting in November.

* *Questions for LB Barking and Dagenham*

Several members of the Committee are due to meet with officers and a Cabinet Member from LB Barking and Dagenham to hear more about the award-winning commercialisation and income generation work being carried out at that Council. Members on the visit should ask about the processes used by LBBD to gather and progress ideas from employees.

* *Piloting a new scheme*

The Committee should consider whether it would be possible to propose a pilot for a new scheme for gathering and progressing ideas. The newly agreed income generation strategy has a process for taking ideas from proposal to development of a business case. A new process for gathering ideas could involve the newly evolving approach to communications from the new ‘Lewisham way’ with the governance structures developed through the new strategy.

## Further reading

For further information about the We.Create ideas management software see: [link to website](https://www.wazoku.com/continuous-improvement-to-employees-and-beyond/)

NewShopper article on the use of We.Create: [link to article](https://www.newsshopper.co.uk/news/11172419.lewisham-council-asks-staff-for-ideas-to-help-cut-95m-from-budget/)

Barry Quirk’s article in the Municipal Journal: [link to article](https://www.themj.co.uk/Creative-solutions-require-lots-of-perspectives/196967)

1. Public Accounts Select Committee (2019) strategic income generation and commercialisation review report: [link](http://councilmeetings.lewisham.gov.uk/documents/s65971/07%20Appendix%20C%20-%20Income%20generation%20report%20130619.pdf) [↑](#footnote-ref-1)
2. It should be noted that the Committee has responsibility for scrutinising the cuts programme each autumn and the draft budget in the spring. [↑](#footnote-ref-2)
3. London Councils ‘London’s local services: investing in the future’: [link](https://www.londoncouncils.gov.uk/download/file/fid/23689) [↑](#footnote-ref-3)
4. Westminster Briefing ‘rethinking local government service provision’ slides’: [link](https://urldefense.proofpoint.com/v2/url?u=http-3A__www.westminster-2Dbriefing.com_fileadmin_Local-5Fgov-5Fservice-5Fprovision1.pdf&d=DwMF-g&c=OMjwGp47Ad5otWI0__lpOg&r=lMrkEMn14eT9kPLwP1laNUIaWMYijQRyJ7VcyGxhndgByvn_RD2AM7unXzcwrpds&m=sIznA9mpJEurVj_pLcMN0_-RtQLvDvkhOQwUvQOO5LQ&s=_m1nh0ba16yBTNYsm4rpRzQvqBQACnxwFjkcyyW5mP0&e=) [↑](#footnote-ref-4)
5. London Councils: ‘a decade of austerity’: [link](https://www.londoncouncils.gov.uk/our-key-themes/local-government-finance/london's-local-services-investing-future/decade-austerity) [↑](#footnote-ref-5)
6. Lewisham Corporate Strategy (2018-22), p35 [↑](#footnote-ref-6)
7. Medium Term Financial Strategy report on the Public Accounts Select Committee agenda, June 2019: [link](http://councilmeetings.lewisham.gov.uk/documents/s65972/06%20Draft%20Medium%20Term%20Financial%20Strategy%202020-21.pdf) [↑](#footnote-ref-7)
8. Council budget 2020-21, agreed at the meeting on 26 February 2020: [link](http://councilmeetings.lewisham.gov.uk/documents/s72047/2020%2021%20Budget.pdf) [↑](#footnote-ref-8)
9. Association for Public Service Excellence with the Centre for Public Scrutiny (2019) Risk and Commercialisation: a guide for local scrutiny councillors: [link](https://www.apse.org.uk/apse/index.cfm/research/current-research-programme/risk-and-commercialisation-a-guide-for-local-scrutiny-councillors/) [↑](#footnote-ref-9)
10. Income Generation Strategy 2019-22: [link](http://councilmeetings.lewisham.gov.uk/documents/s62471/Appendix%20A%20Income%20Generation%20Strategy.pdf) [↑](#footnote-ref-10)
11. Association for Public Service Excellence with the Centre for Public Scrutiny (2019) Risk and Commercialisation: a guide for local scrutiny councillors: [link](https://www.apse.org.uk/apse/index.cfm/research/current-research-programme/risk-and-commercialisation-a-guide-for-local-scrutiny-councillors/) [↑](#footnote-ref-11)
12. Teckal exemption refers to an arrangement for trading between a local authority and legally separate local authority trading company. [↑](#footnote-ref-12)
13. See Lewisham Council Constitution (2019), Article 16 (p72 onwards) [↑](#footnote-ref-13)
14. Pursuant to the Local Government Act 1972, the Local Government Act 2000, the Localism Act 2011 and the Local Authorities (Arrangements for the discharge of functions) England Regulations 2012. [↑](#footnote-ref-14)
15. See Report from the Head of Digital Services (October 2017) to the Joint Committee of the London Boroughs of Lewisham and Brent: [link](http://councilmeetings.lewisham.gov.uk/documents/s53419/Service%20Overview%20-%20The%20Shared%20ICT%20Service%20for%20Brent%20and%20Lewisham%20-%20April%202016%20to%20October%202017.pdf) [↑](#footnote-ref-15)
16. See the final report of the youth service working group (2015) for more information: [link](https://lewisham.gov.uk/-/media/files/imported/youthserviceworkinggroup.ashx) [↑](#footnote-ref-16)
17. Housing Select Committee (2018) ‘Models of delivering new housing’ in-depth review: [link](http://councilmeetings.lewisham.gov.uk/documents/s54809/04%20Housing%20delivery%20-%20draft%20report%20-%20310118.pdf#page15) [↑](#footnote-ref-17)
18. Sustainable Procurement Code of Practice for all organisations who wish to contract with the Council: [link](https://lewisham.gov.uk/-/media/files/imported/codeofpracticecontractors.ashx) [↑](#footnote-ref-18)
19. DMT – directorate management team of senior managers in each of the Council’s four directorates; EMT – executive management team – of the Chief Executive and the Council’s most senior officers. [↑](#footnote-ref-19)
20. New Local Government Network/Local Government Association, Outside the Box: the Council workforce of tomorrow (2016): [link](https://www.local.gov.uk/sites/default/files/documents/outside-box-ab0.pdf) [↑](#footnote-ref-20)
21. Staff survey results reported to the Safer Stronger Communities Select Committee, 16 July 2019 (exempt report available on request): [link](http://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=189&MId=5525&Ver=4) [↑](#footnote-ref-21)
22. ‘Agiliysis enables the London Borough of Barking and Dagenham’s bold vision for community focused transformation’: [link](https://www.agilisys.co.uk/sites/default/files/file/2018-10/Agilisys%20Ambition%202020%20case%20study%20v5.pdf) [↑](#footnote-ref-22)
23. LBBD report to Cabinet (2017) Home Services and Traded Services Full Business Cases [link](https://modgov.lbbd.gov.uk/Internet/documents/s112287/Home%20Traded%20Services%20FBC%20Report.pdf) [↑](#footnote-ref-23)
24. LBBD Shareholder Panel – internal governance review report (2019): [link](https://modgov.lbbd.gov.uk/internet/documents/s133301/Shareholder%20Panel%20Governance%20Audit%20Report.pdf) [↑](#footnote-ref-24)
25. LBBD Final internal audit report, May 2019: [link](https://modgov.lbbd.gov.uk/internet/documents/s133302/Appendix%201%20-%20LBBD%20Final%20Governance%20Report%20-%20FINAL.pdf) [↑](#footnote-ref-25)
26. LBBD Commercial company business plans, report to cabinet March 2019: [link](https://modgov.lbbd.gov.uk/Internet/documents/s129735/Company%20Business%20Plans%202019%20Report.pdf) [↑](#footnote-ref-26)
27. See appendix 2 for details. [↑](#footnote-ref-27)
28. Google dictionary: ‘obtain (information or input into a particular task or project ) by enlisting the services of a large number of people… typically via the internet’ [link](https://www.google.co.uk/search?q=crowd+source&ie=UTF-8&oe=UTF-8&hl=en&client=safari) [↑](#footnote-ref-28)
29. The team and its functions were incorporated into the Policy, Service Design and Analysis Hub in 2015. [↑](#footnote-ref-29)
30. Barry Quirk writing in the Municipal Journal (2014), creative solutions require lots of perspectives, available online at: [link](https://www.themj.co.uk/Creative-solutions-require-lots-of-perspectives/196967) [↑](#footnote-ref-30)
31. Joe Badman (Transformation Development Officer) on the Wazoku website: [link](https://www.wazoku.com/resource/video-lewisham-council-interview/) [↑](#footnote-ref-31)