

LGA/loD Commercial Skills Training – Phase 2 Evaluation Report

October 2017



Acknowledgements

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Contents

LGA/loD Commercial Skills Training Programme Evaluation Report	1
Acknowledgements	2
Introduction	4
Background	5
Emerging themes.....	7

Introduction

This report provides an overview of the views and reflections of participants who attended the LGA/Institute of Directors (IoD) commercial skills training programme in its first year. A series of telephone interviews were conducted with attendees during September and October 2017 in order to establish the impact of the course on individuals and on their council. This report builds on the earlier review of the pilot phase of the LGA/IoD completed by the LGA Research & Information (R&I) team in summer 2017.

Background

The LGA and IoD led Commercial Training programme took place in 2017. In order to understand and capture the views of those who attended, the LGA R&I team was commissioned to run a series of telephone interviews during September and October 2017. A total of 10 telephone interviews took place with senior local government officers who had attended (six from Cohort One and four from Cohort Two).

This report provides an overview of comments about the impact of the programme and views about how it could be further developed in the future.

The Interviews

Participants were asked about:

- the impact of the commercial training on how they undertook their role
- estimated monetary value of income generated by their council's current commercial activities
- what the council either does or does not do now as a result of their attendance on the training
- innovative practice resulting from course attendance
- improvements that could be made to the Commercial Skills Training.

Those participating were also offered the opportunity to comment more generally on the commercial training they had received at the end of the interview.

Emerging themes

This section of the report provides a brief overview of the key points made under each section.

Impact on undertaking role

All participants noted that the training had had a positive impact on them in a variety of ways. The governance and finance modules were noted as being particularly helpful in providing an understanding of finance processes and the key issues around governance as well as recruiting trustees and setting up limited companies. A small group of participants mentioned that the course had given them a greater understanding of the meaning of 'commercialism' both within and outwith the local government sector. As a result they were now able to speak with greater confidence and to more fully scrutinise challenge, express views and share their knowledge of commercial activity and delivery models more effectively within their council. Other participants noted that the training had allowed them to adopt a more focussed approach in their role as a result of using the techniques learnt and applying these. The impact of this has been that participants have focused on core areas of activity and maximising these, rather than trying to do everything or adopting a piecemeal approach. It was also noted that the networking and information sharing between course participants created strong and useful networks that had continued beyond the end of the course.

Commercial activity income generation

Participants were asked to provide an overview of the monetary value of the commercial activities in which their councils were currently engaged. In some instances a degree of income generation was reported by respondents but it was noted that their council had been involved in very little or no commercial activity at this time. This said it was felt more likely that commercial approaches would now be investigated- a result of their participation in the training. For those that did provide a figure, it was felt to be difficult to extrapolate from this the direct impact that participation in the training had in terms of monetary value

Where examples were given these included;

- Around £40 million from commercial income including trading with skills investments and discretionary activities. The council has also recently purchased a commercial business park for around £200m which will have an anticipated income of £14 million a year

- Car parking income which generates around £6 million and a leisure and culture portfolio which generates £4 million
- A company and their subsidiary company set up by a council worth around £90 million
- Advertising contracts worth about £200, 000 per year.
- Since 2010 work has generated £11.7 million for the council. A number of initiatives made this up including:
 - A local authority mortgage scheme (launched in summer 2011) with the aim of assisting first time buyers. The council gave a guarantee/indemnity of 20 per cent which allowed buyers to put down a five per cent deposit and to pay an interest rate similar to those buyers with higher deposits. The scheme assisted 200 people and generated over £771, 000.
 - Loans to housing associations which were launched in 2009 and have made £2.7 million over a 12 months period and should generate £2 million this year.
 - Between 2011 and 2016 solar panels were fitted to 1,111 properties. This was part of a council initiative” for those residents experiencing fuel poverty in deprived areas. This led to savings for tenants and helped to move them out of fuel poverty. An additional 944 tenants were assisted with switching their energy provider. Though the council did not necessarily make a surplus on this project this has provided a social benefit that otherwise would not have been achieved.
- A business accelerator programme which helped to develop internal business opportunities within the council. No monetary figure was provided here but the programme has benefitted from the training the delegates received as elements from the commercialisation training have been reflected back to give depth and richness.
- A maintenance and facilities management company which has developed over the last three years with an annual gross profit of around £1.4 million and net profit of £814,000.

Council activity resulting from the training

Eight respondents said that as a result of the training they now have a greater understanding of company governance, commercial approaches and the types of alternative delivery methods available to them. Having only recently completed the training, most respondents noted that although this was not yet impacting on current commercial activities, the knowledge gained was underpinning conversations and plans going forward (for instance the drafting of committee reports in areas such as strategy, cost base and governance of different commercial delivery models). More broadly the information on commercialism and the confidence that participants gained in this area through the training is helping to shape discussion and balanced debate within councils both with elected members and officers. Some respondents commented on their ability to cascade learning and disseminate knowledge to colleagues as a result of the course- this resulting in the development of a greater corporate understanding of and capacity for commercialisation. More generally respondents felt that a more positive set of attitudes towards commercial activities was developing within the council and the benefits that could accrue from these were noted.

Other comments highlighted how training participants had now:

- developed their own training programme within their council underpinning the values and competencies around commercial activity that were delivered on the course
- encouraged more debate within and between council departments around the benefits of commercial approaches
- encouraged other colleagues to attend the training
- taken a more consistent approach to commercialisation
- decided to provide remuneration for non-executive company directors which would not have been the case previously

Innovative practice

A majority of respondents were unable to identify examples of innovative practice specifically as a result of the course as their perception was that the training had certainly had an impact on the general ethos and approach within the councils, though a definite and causal link was more difficult to readily identify. Most felt that it was perhaps too early (having only recently completed the training) to provide examples and that the skills and knowledge from the course were beginning to percolate conversations underway around future commercial activity, managing budgeting processes and finance models. Where there was felt to be identifiable impact on practice this included:

- growing existing commercial models for the community – including traditional housing company models
- continuing with loan arrangements to housing associations as part of the affordable housing programme (although it was noted that this was ongoing work and not directly as a result of the training)
- bringing one of the course trainers into the council to train up shareholder board members and develop knowledge within the organisation
- actively working towards a transition to trading through a shared services venture
- the development of a facilities management and maintenance company and continued growth with a franchise style approach.
- discussing adopting a profit/loss approach for the way council reports on its services. This developed out of discussions covered in the course finance module focused on more effective approaches to managing budgeting processes, specifically around services that trade or generate income.

Recommendations for improving the training

Respondents were very positive about the course and their experiences of it with many saying it was excellent value for money and therefore a good use of council funds.

This said, many expressed frustration after discovering that they would need to sit the leadership module which was not offered on the course, in order to gain the IoD qualification. Some said that they were only made aware of this towards the end of the course which was felt to be problematic. Those who went on to try and sit the IOD exam also described difficulties in accessing the relevant learning materials and

more generally with the administration of the examination process. Respondents felt that there should be more clarity on the need for the additional module in the course marketing materials for the IoD qualification. It was also noted that the additional cost for anyone wanting to complete the exam and the self-study nature of the additional module should be made clear from the outset of the programme.

Some respondents also noted that the name of the course and the way it was marketed did not reflect the content and that this needed revision. Some felt that the course was more about company directorships or a version of the IoD directors courses rather than commercialism in its wider sense.

Several respondents also commented that they had found the opportunity to share experiences and knowledge with other attendees particularly useful. It was felt that incorporating this into the course would be very beneficial. Suggestions included; running workshops for sharing good practice as an opportunity for councils to benefit from the experiences and the learning of others, building sharing experiences into the course or developing a 'sounding board' or mentoring arrangement for delegates.

Several other recommendations were made for future course provision. These included:

- running the course at a slower pace to allow time for the exploration of practices in more detail.
- reviewing the final module on commercialism as this felt more basic and less structured than the others.
- running the commercialism module first as this would serve to contextualise the other modules that followed.
- keeping the external nature of the modules rather than focusing too greatly on the public sector as per the final module as this was felt to reduce the benefit in developing a commercial mind-set.
- providing an introduction to the course on the first day including what it involves and the learning outcomes expected.
- having the discussion from the final module (about how others were planning to use the learning and the work that they were already undertaking), at the beginning of the course.
- clearer marketing.

- a five module course with the leadership module (needed for the IoD exam) included.
- aiming the course at heads of service as this would support them in their career progression.
- run a two day training/updating course for those in director level roles as they might need less of the more basic information.
- more IoD involvement - perhaps offering associate membership of IoD after the training or a qualification for attending the course in addition to the final exam.
- taster modules for middle managers.

Additional comments

All respondents were highly positive about the training, noting that it was of an excellent quality, well delivered, provided value for money for their council and that they would recommend it to colleagues. Other comments included;

- aligning the course to the work of SOLACE.
- tailoring the course or offer it as “in house” training to a larger group.
- useful interaction with other councils to make contacts, finding out about the work of others, providing reassurance about similar initiatives and discussing ideas.
- excellent quality trainers with a deep understanding of the subject.
- refreshing to have training provided by those outwith of the public sector.
- disappointing that not all places on the course had been filled and better LGA promotion/use of contacts could be beneficial.
- allowing cohort participation whilst tutors also brought the conversation back to the core course content was effective.



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