

# Let councils sharpen commercial edge to level up locally, new report urges



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Councils should have the confidence to engage in well-run commercial activity that benefits residents, improves local public services and generates much-needed revenue independent of central government, a report issued by consultants Human Engine and the think-tank Localis has advised today.

In a research paper issued today entitled 'The Commercial Edge – renewing the case for the local investment state' Human Engine and Localis argued that when carried out professionally and with risks properly-managed, council commercialism can unlock immense latent place potential and deliver many clear benefits to galvanise economic and social recovery.

In reframing the debate on local government commercialism, councils are advised to apply five common themes of commercial maturity around strategy and alignment; supply; demand, market intelligence and organisational culture.

The report also sets out a suite of recommendation to inform future commercial decisions aimed at local government leaders, town hall scrutiny members and central government partners.

Localis chief executive, Jonathan Werran, said: "Councils have historically always been involved with commercial activity in some shape or form in creating revenue streams that improve residents' lives and deliver better local services. This is a golden thread and is one worth preserving into the future.

"To maintain this tradition of strong self-government built on local investment and use this agenda to continue to deliver

innovative public services into the future will require a shared language and understanding of how commercialism should work in practice across local and central government.

“Renewing the agenda will also rightly require a fresh approach to local scrutiny and governance and the immense rewards of capturing greater public and social value should be measured to encourage best practice across the sector.”

Jonathon Noble, managing director, Human Engine, said: “Commercialism in the public sector is a multi-faceted issue. Too often, it is reduced to a binary debate over whether councils should or shouldn’t generate income through commercial means, underscored by cautionary tales of high profile failures.

“The reality is more complex than this. The truth is that it is impossible to deliver modern public services without commercial acumen – whether developing a deep understanding of the key markets with which you do business, negotiating better value for the public or redesigning services with customers in mind. These are all hallmarks of a mature commercial approach.

“Through our research and discourse with councils nationally, this report seeks to reframe the discussion to a more rounded view of commerciality, fundamentally aligning commercial activity to an organisation’s strategic objectives and the creation of public value.”

There will be a webinar panel debate to talk through the issues and findings raised in the report on Tuesday 29 June from 11.30 to 12.30 – tickets can be booked:

Localis is an independent think-tank dedicated to issues related to politics, public service reform and localism. We carry out innovative research, hold events and facilitate an ever growing network of members to stimulate and challenge the current orthodoxy of the governance of the UK.

Human Engine is a Financial Times top-ranked management consultancy with specialisms in strategy, people and performance.

It was founded by a group of former local government officers who think the public sector deserves better than it gets from traditional consulting firms – more human, more personal and more knowledgeable of the reality of delivering modern public services.

We have worked with dozens of public sector organisations to help transform their strategies, operations and cultures to be more agile, commercial and entrepreneurial in order to achieve financial sustainability and improved outcomes for local people and communities.

For more information, find us on LinkedIn or is a tremendous role for commercially minded councils, particularly when considering how to drive, fuel and recover local economies post-COVID. Utilising the Commercial Maturity Model can enable local authorities to assess their commercial strengths, weaknesses, areas for improvements, areas for investment and, ultimately, support the development of their place-based commercial approach.

As the sector leads local recovery from the pandemic, commercial decisions by councils, be that local investment, reshaping contracts to encourage social value or trading services, will influence place-based commercialism and place-shaping.

As such, we have drawn a set of recommendations for each stakeholder group to encourage clear, practical and actionable conclusions from this research.

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