

**06/02/2020 - 4**  
**LWARB Commercialisation Strategy**

<b>Board paper title</b>		Paper 06/02/2020 - 4
LWARB commercialisation strategy		
<b>Report by</b>	James Close	
<b>Job Title</b>	Head of Circular London Programme	
<b>Date of decision</b>	Board meeting: 06 February 2020	

<b>Summary</b>
<p>This paper:</p> <ul style="list-style-type: none"> <li>• Reports on the objectives of the Commercialisation Strategy</li> <li>• Describes the advice given to LWARB</li> </ul> <p>The paper will be supplemented by a presentation and discussion at the Board meeting.</p>

<b>Recommendations</b>
The Board is recommended to note the work undertaken on the Commercialisation Strategy and how it supports the implementation of the 2020-2025 Business Plan.

<b>Risk</b>	<b>Action to mitigate risk</b>
No specific risks	N/A

<b>Implications</b>
<b>Legal</b> N/A
<b>Financial</b> Included in the 2020-2025 Business Plan
<b>Equalities</b> None

<b>Originator</b>	James Close
<b>Contact details</b>	<a href="mailto:james.close@lwarb.gov.uk">james.close@lwarb.gov.uk</a> 07732 681 847

<b>Why the paper is being presented</b>
To inform the Board of the work undertaken to build future commercial revenue streams to create the best chance of optimising the financial sustainability of the organisation after the Business Plan period.

## Commercialisation

### *Context*

The 2020-2025 Business Plan is principally funded by LWARB's existing funds which, on the basis of the assumptions, run down at the end of the Business Planning period. LWARB has a unique set of assets, capabilities and skills which has value to third parties. The aim of the Commercialisation Strategy is to create a future revenue stream to give LWARB the chance to be financially sustainable at the end of the business plan period. To achieve this objective, LWARB commissioned advice to support the development of the Commercialisation Strategy.

Commercialisation, by its nature, is dependent on demand from clients and potential clients. The Commercialisation Strategy is a framework to help us evaluate the nature of the market, originate and evaluate opportunities and identify changes we need to make to support commercialisation. As we implement the Commercialisation Strategy, we will need to be aligned with our objectives, consistent with the 2020-2025 Business Plan and learn from our experiences.

In executing the Commercialisation Strategy, we do not intend to use our platform to compete directly with other private sector organisations. Rather, we anticipate that we will catalyse solutions that can be scaled up by existing and new market entrants whilst profiting from the knowledge and relationships that we have.

### *The Outcome of the Commercialisation Strategy*

The Commercialisation Strategy considers how we can develop a contribution of £500,000 by 2025 from a mix of propositions based on the development of services and consultancy for the following types of clients:

1. Public organisations:
  - a. London Boroughs and other London public organisations (including Waste Authorities and Business Improvement Districts)
  - b. Other cities (in the UK and internationally)
2. Private organisations:
  - a. Large corporations
  - b. Small Medium Sized businesses

We created and evaluated an initial list of propositions with the consultant. These propositions form the basis of financial model to be used to evaluate the scale of the opportunities and resources required to deliver them. This prioritised list of prioritisations will form the basis for the development of our approach to the market, investment in business development and identification of potential partners.

The Commercialisation Strategy has also identified a number of benefits to LWARB and its stakeholders:

1. The opportunity to increase our impact by creating new propositions and expanding our footprint of activities whilst delivering our mission of reducing waste and increasing recycling in London
2. The potential for attracting new recruits and developing existing staff
3. The opportunity to learn from other cities and organisations to accelerate London's objectives of becoming the leading low carbon circular city

06/02/2020 - 4

## **LWARB Commercialisation Strategy**

4. Promoting our work and London's profile with international businesses and cities

### *Implications*

The advice we received has also highlighted the following implications:

1. The importance of maintaining discipline in the identification and conversion of opportunities
2. Ensuring that we have a resourcing model which enables us to deliver the Commercialisation Strategy alongside the funded programme work for London boroughs
3. The need to build the systems and processes to support implementation
4. Training and developing staff to deliver commercial propositions and support the cultural changes required to succeed in the market

With regard to the management of risk, our modelling shows the importance of:

1. Managing the balance between products and services which deliver a recurring income stream (for example, training, accreditation and the directory which are mentioned in the Business Plan) with consultancy work commissioned (delivered by our staff and resources under our supervision) by boroughs (on a cost recovery basis) and corporates, SMEs and other cities (on a market rate basis)
2. Ensuring that our delivery model is based around timing recruitment alongside revenue generation (rather than ahead of revenue) and the use of third parties to deliver in a way which gives us access to capacity and expertise as required

### **Link to the 2020-2025 Business Plan**

The Commercialisation Strategy is a key part of the 2020-2025 Business Plan. It sits alongside the Integrated Delivery Programme which covers Circular London and Resource London's activities in support to London's Boroughs.

The base case for commercialisation is included in the 2020-25 financial forecast and will monitor progress and adjust expectations through the business planning process with a view to exiting with a sustainable financial position to continue to carry out our mission.