

A

ANNEX 7.6 WIDER MARKET ACTIVITIES

Wider markets activity is part of good asset management in the public sector. When public bodies have assets which are not fully used but are to be retained, it is good practice to consider exploiting the spare capacity to generate a commercial return in the public interest.

A.7.6.1 The Wider Markets Initiative encourages public sector organisations to adopt an entrepreneurial approach to making the most effective and efficient use of public assets by exploiting their commercial potential. Wider market activities are described in box A.7.6A.

box A.7.6A wider market activities

- not statutory except where the enabling power gives authority to charge commercially
- discretionary, using capacity not needed for statutory services
- charged commercially, with a financial objective to produce revenue, not to deliver public policy objectives
- sold into a competitive market
- must comply with general competition law, avoiding distortions

A.7.6.2 Exploiting the commercial potential of assets can take many forms including:

- selling existing goods and services;
- developing new goods and services from existing assets;
- licensing;
- leasing arrangements; or
- sponsorship activities.

A.7.6.3 Public sector organisations should seek out and implement wider market opportunities. However, the case for acquiring any new assets should not be pursued at the expense of delivering the organisation's core objectives. Nor should public bodies deliberately acquire or retain more assets than they need with the aim of producing a future income stream.

Developing a wider markets opportunity

A.7.6.4 The process and resources needed to develop and implement a wider market opportunity will vary depending on the specifics of the opportunity. Partnerships UK has produced a guidance note *Assessment of Potential* (www.partnershipsuk.org.uk/newsAttachments/documents/WMAssessment_guidance3.pdf) which outlines tools and techniques to help public bodies conduct an assessment of potential for wider markets activity.

A.7.6.5 Public sector organisations should subject all proposals to a thorough commercial appraisal in developing any business case. Some of the factors to be addressed are identified in box A.7.6B. Guidance on all aspects of developing wider market projects is available from Partnerships UK (www.partnershipsuk.org.uk/).

box A.7.6B factors to consider in the development of wider market projects

- should the project be accommodated within the existing structure; a new unit or body within the public sector; or a public private partnership
- how will the activity be managed and staffed to ensure public services are not adversely affected
- the costs involved in start up and the ongoing costs, including any investment constraints
- pricing and revenue assumptions, within the appropriate pricing constraints, and targets to ensure they can expect to secure an adequate return
- the degree and nature of the risks involved (including financial, legal and reputational risks) and how they can be managed
- appropriateness, propriety and legality
- the financial return the project could deliver
- compliance with competition law (see annex 6.4)

A.7.6.6 All wider market projects where the full annual cost is £1m or more, or where the income is projected above 5% of the body's total, require Treasury approval. So do any projects that have the potential to be contentious or repercussive.

A.7.6.7 Public sector organisations undertaking wider market activities should agree their budgeting and accounting treatment with the Treasury.