

Looking
Ahead

Overview

Next
Steps

Strategy
2020/23



Cabinet Committee

Group Company Governance





Overview

- Purpose
of this presentation to Committee
- Background
the journey to date
- Current Position
where we are today

Purpose

Background

Current
Position

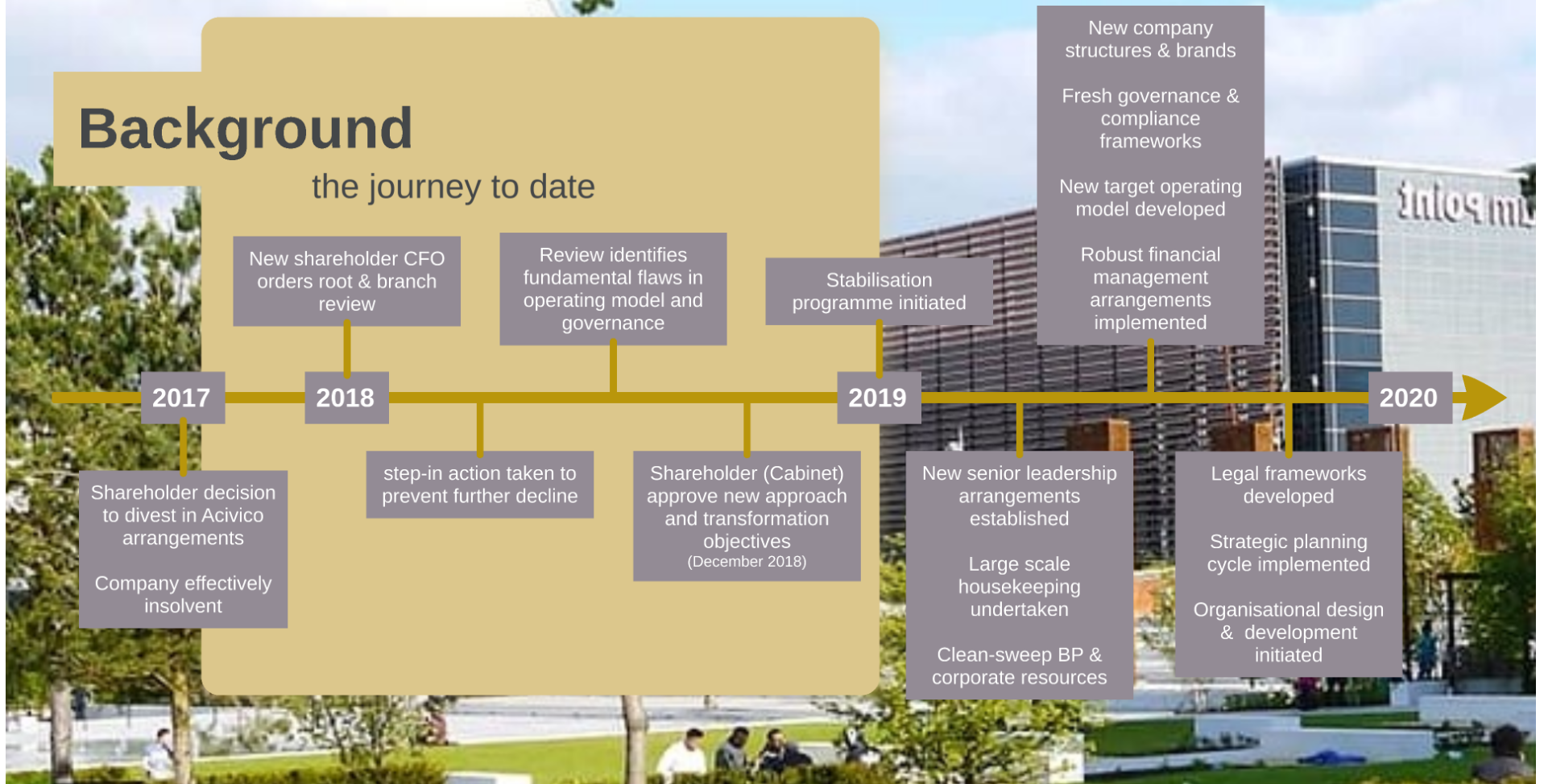


Purpose

- Update on progress achieved
- Consult on elements of the new Strategic Plan
- Engage on final phase of change

Background

the journey to date



Current Position

Headline Numbers			
	2017/18	2018/19	2019/20
Losses After Tax	-£6.5m	-£3.3m	-£0.7m*
Overhead Reductions	-	25%	50%*
Debt	-£1.9m	-£1.2m	-£0.6*m

*Forecast out turn position at period 9

Current Position

Headline Developments

- Established effective HR management and strategy (bringing practice in line with minimum legal standards and compliance)
- New e-learning solution introduced, providing standard and enhanced training and professional development for all staff, including voluminous vocational courses for individual personal development
- Base lined all roles to enable competency based development, performance management and effective succession planning

Current Position

Headline Achievements

- Revenue visibility of 83% for the following year
- Commencement of new contracts for Housing, Birmingham Property Services and EDSI (Educational Structural Investment)
- Re-procurement of the new Construction West Midlands R&M Framework saving between 12% and 15% for BCC



Looking Ahead

What does Acivico need to do
to deliver upon its
Shareholder's expectations?

Diversify

Effectiveness

Growth

Diversify Revenue

- Diversification of Acivico's customer base reduces the reliance on BCC income to maintain viability; and
- Diversification of Acivico's revenue generating opportunities (services provided), reduced the risk of sensitivity to changing market conditions.

Diversification contributes to reducing the risk to the Shareholder regarding the ongoing viability of Acivico

Effective Business

- Align overheads to the sector;
- Bring practice up to date;
- Develop culture & mindsets; and
- Strengthen governance.

LATC & Ltd hybrid - A publicly owned private company, based on civic values with a commercial mindset



The background of the slide features a photograph of a modern, multi-story building with a glass facade. The word 'infoq' is visible on the building's exterior. Lush green trees are in the foreground and to the right, partially obscuring the building. A solid mustard-yellow vertical bar is on the left side of the slide.

Growth

- In order to resolve legacy liabilities, growth will enable moving towards positive surplus position; and
- Growth in regional/national presence is also required, to open up more markets to deliver diversification objectives.

Ultimately, Acivico needs to become an 'asset of value' for its Shareholder, rather than a liability.



Acivico Group Strategic Plan 2020-2023

Our Vision:

"to be the partner of choice for supporting the delivery of infrastructure and creating spaces that have a lasting legacy for the communities in which we live and work"

Our Values

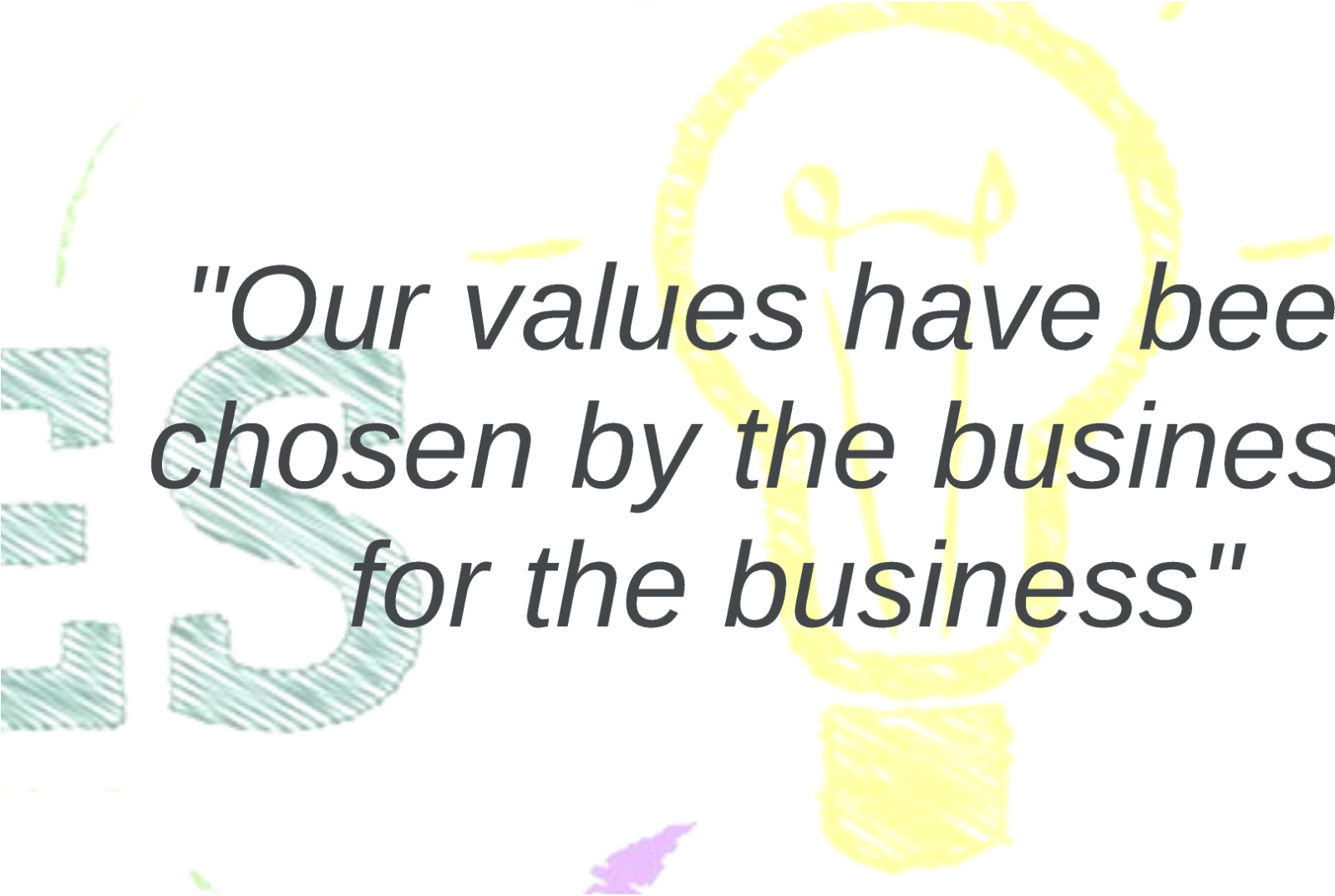
**Strategic
Priorities**

**Success
Measures**

Our Values

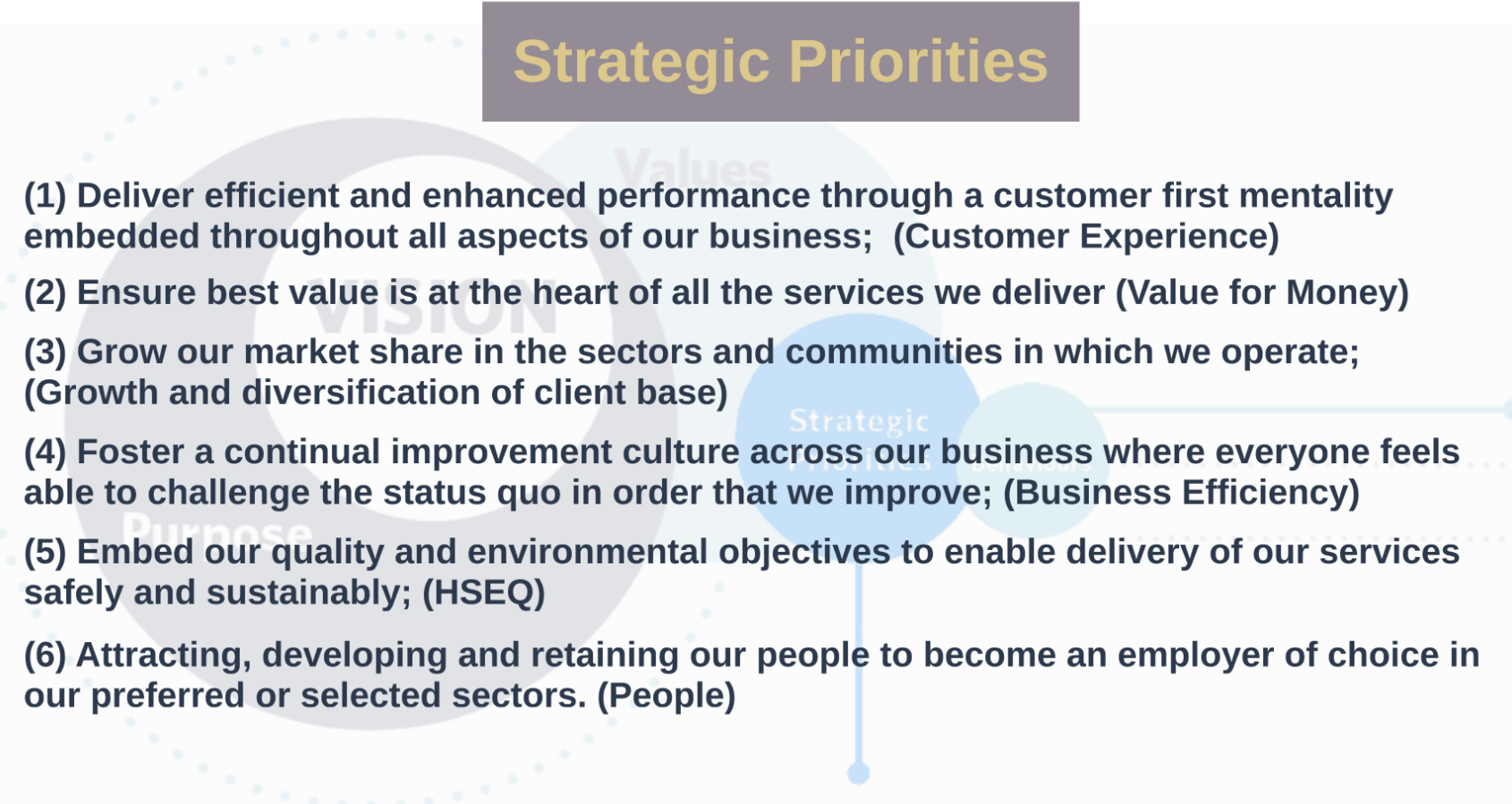
Achievement
Collaboration
Integrity
Value
Inspiration
Commitment
Openness

*"Our values have been
chosen by the business,
for the business"*



*"Our values have been
chosen by the business,
for the business"*

Strategic Priorities

- 
- (1) Deliver efficient and enhanced performance through a customer first mentality embedded throughout all aspects of our business; (Customer Experience)
 - (2) Ensure best value is at the heart of all the services we deliver (Value for Money)
 - (3) Grow our market share in the sectors and communities in which we operate; (Growth and diversification of client base)
 - (4) Foster a continual improvement culture across our business where everyone feels able to challenge the status quo in order that we improve; (Business Efficiency)
 - (5) Embed our quality and environmental objectives to enable delivery of our services safely and sustainably; (HSEQ)
 - (6) Attracting, developing and retaining our people to become an employer of choice in our preferred or selected sectors. (People)

Success Measures

Our key performance indicators (KPIs)

We monitor a broad range of financial and non-financial performance measures to assess our performance and progress in delivering this Strategic plan.

In addition to the various KPIs contained within our contracts, the measures in this section set out the key metrics in place for the whole Acivico Group, designed to support our Board in assessing our overall performance.

Each KPI is directly linked to our strategy, detailed on pages 6 and 7 above.

Within this new Strategic Plan 2020 – 2023, we are introducing new measures to monitor our Group performance. This means that in some instances we do not have baseline management information from which to measure the progress made in the first year. As such, the data collected in 2020/21 period, will provide us with an opportunity to further review the appropriateness of these measures and our targets.

1. Excellence in our customers' experience
Definition: - Customer complaints vs commendations
 - Customer satisfaction survey scores
Link to strategy: 3

2. Excellence in our service performance
Definition: Combined scores for all contracts within each business unit area
Link to strategy: 3

3. Safe business
Definition: RIDDOR reportable incidents (Ri)
 Lost time incident frequency rate
Link to strategy: 3

4. Added value
Definition: Value of savings to customers through over-performance and our Social Charter commitments
Link to strategy: 3

5. Employee engagement
Definition: Employee engagement (EE) score from satisfaction survey, and number of events held by the GLT
Link to strategy: 3

6. Gender balance
Definition: The ratio of male to female employed at Acivico.
Link to strategy: 3

7. Sustainable business
Definition: Direct consumption of water/energy by the business
 Direct/indirect waste recycling achieved across Acivico
Link to strategy: 3

8. Total revenue growth
Definition: Percentage change in annual revenue
Link to strategy: 3

9. Underlying operating margin
Definition: Underlying operating profit as a percentage of total revenue
Link to strategy: 3

10. Cash conversion
Definition: Underlying cash inflow from operations divided by underlying profit from operations.
Link to strategy: 3

11. Book to Bill ratio
Definition: Amount of work won during the year as a proportion of the work executed and booked as revenue.
Link to strategy: 3

12. Net debt to EBITDA
Definition: Net debt at the year-end divided by Earnings before Interest, Tax, Depreciation and Amortisation.
Link to strategy: 3

Principle risks to the success of delivery of the business plan are:

- sufficiently diversifying Acivico's customer base, so as to spread the reliance of income across a wider based of clientele; and
- diversifying Acivico's revenue streams, so as to have a wider portfolio of provision that can better withstand changes in individual market factors.

- **Effective Governance**
- **New Operating Model**
- **Commercial Delivery**

(for reasons of commercial sensitivity, further details to be provided in private session)



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