

**THE HIGHLAND COUNCIL**  
**RESOURCES COMMITTEE**  
**26 NOVEMBER 2014**

<b>Agenda Item</b>	<b>19(b)</b>
<b>Report No</b>	<b>RES/74 /14</b>

**Income Generation Project Update**

**REPORT BY DIRECTOR DEVELOPMENT AND INFRASTRUCTURE**

**Summary**

This report is an update on the Income Generation Project and the proposal to appoint a Commercial Manager to drive forward the initiative to increase the Highland Council's ability to generate income.

**1 INTRODUCTION**

This report is in response to the request at the last Resources Committee that an update on the Income Generation Project be submitted to the next meeting. The report covers income achieved, development of new advertising and sponsorship and renewables opportunities, and the intention to appoint a Commercial Manager to take the lead on income generation across the Council.

**2 INCOME SUMMARY**

2.1 Below is a summary of the income achieved under the project since 2013/14.

	<u>Income since 2013/14</u>
Advertising and Sponsorship	£90k
Renewable Energy	£962k (Forecast)

A breakdown of these figures is provided in Annex 1.

Please note that Renewable Energy (Renewable Heat Incentive and Feed in Tariff) were not reported under Income Generation Project in 2013/14 but attributed to the Asset Management Project.

**3 RENEWABLES**

3.1 Income to date is derived from the Renewable Heat Incentive (biomass installations) and the Feed in Tariff (solar installations). The overall forecast (£962k) to the end of 2014/15 is currently below target (£1,104k), but is improving as more biomass installations come on line and are included under the scheme.

3.2 The project continues to develop proposals for development of wind turbine installations at both the former Longman landfill site and at ten smaller sites across the Highland area, mainly on disused landfill sites. These smaller sites are currently being surveyed for suitability.

3.3 A project to use the waste methane gas to generate electricity at the

Longman site is progressing with a contractor for the supply of the generating plant recently selected and the outcome of a service supply application to Scottish Sothern Energy awaited. This is expected to be operational by end March 2015 and is forecast to generate £37k net income per annum.

#### **4 ADVERTISING AND SPONSORSHIP**

4.1 The advertising and sponsorship partnership with SPP continues to progress well with new opportunities for advertising being developed and added to the portfolio. The contract with SPP has now been extended until the end of March 2016.

4.2 The income to the Council through the partnership with SPP is currently on target to reach a forecast of £58k. This has been achieved through strong interest in roundabout sponsorship and banner advertising. Additionally, to maximise income, the rates for advertising are being constantly reviewed and increased in line with market opportunities.

4.3 Some of the more recent opportunities to be made available include:

- introduction of advertising on the intranet. This was initially the home page but has now been extended to include other pages including vacancies, A-Z page and Staff Information.
- six new bus shelters in the Inverness area are being fitted with the capability to display advertising and this is due to start in December. Bookings have already been taken from Eden Court and Scottish Ballet.
- more banners positions along the riverside in Inverness are due to be made available
- advertising on the Inverness Recycling Centre site

4.4 Advertising opportunities currently being developed include:

- advertising on the self-serve home page of Resource Link. This will be viewed by staff accessing, for example, payslips online.
- advertising on the tickets/receipts that will be introduced as part of the new ticket system for the Corran Ferry. This opportunity is dependent on development of a new ticket system with Transport Scotland.
- sponsorship of building wraps, particularly, the opportunity presented by the forthcoming restoration works to the Town House.
- advertising on both information boards at the Glen Nevis Centre and its new web site.

4.5 A workshop with Members generated a number of ideas, a summary of the output and current situation is included in Annex 2. The intention is that this list of opportunities will be taken on and further developed by the proposed Commercial Manager.

## 5 COMMERCIAL MANAGER APPOINTMENT

5.1 The Council is taking steps to appoint a Commercial Manager to lead on the initiative to increase the Highland Council's ability to generate income and to meet agreed significant income generation targets in both established (e.g. advertising and sponsorship, renewables) and new income streams. The Commercial Manager will be the main driving force behind further transformation in our approach to commercialism and embed it in operational delivery. This is an approach already taken by some other Councils such as Glasgow.

5.2 The key objectives of the role will be to:

- Drive forward the commercialism agenda across the Council's services and increase commercial awareness
- Develop, produce and maintain a commercial strategy including a review of current charging levels
- Challenge working and charging practises and overcoming barriers to ensuring a commercial approach to the provision of services
- To work across the organisational structure and to positively influence at a range of management levels.
- To identify potential new income opportunities and develop and oversee implementation whilst ensuring they remain broadly aligned to Council corporate objectives
- To monitor progress and income achieved against an agreed plan
- To produce reports for senior management and other groups as required
- To manage the delivery of outcomes and benefits in order to meet income generation targets as agreed by Executive management

The Commercial Manager will work with Services to assist them in adopting a more commercial approach to the provision of especially non-statutory Services e.g. property sales and lets, and to, for example, develop those ideas from the Income Generation Workshop which are to be taken forward. Commercial support would also be given to current Service savings proposals for the 2015/19 budget.

5.3 A dedicated manger will be able to take an overall view of Council operations and to identify, or support Services where already identified, where a more commercial approach can be taken in the provision of those services. Recruitment from outside the Council could represent the opportunity to bring into the organisation valuable commercial experience.

5.4 The post will be self-financing from the additional income generated, though initially funding from balances may be required and an application will be made to the Strategic Change & Development Fund. At the time of writing this report, the position was going through the Job Evaluation process.

## **6 IMPLICATIONS**

Resource Implications:

- The income generation project aims to deliver new funding sources for the council.

Legal and risk implications:

- There are no legal or risk implications

Climate change/Gaelic/Rural implications:

- There are no rural or gaelic implications

## **7 RECOMMENDATION**

Members are asked to note:

- The income generated to date by the Income Generation Project
- The progress made with regards to the appointment of a Commercial Manager.

Designation: Director Development and Infrastructure

Date: 12<sup>th</sup> November 2014

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## Appendix to Corporate Improvement Programme Report to the Resources Committee 26/11/14 - Income Generation Update

### Annex 1.

#### Income Generation Project - Income Figures

<b>Advertising and Sponsorship</b>	<b>SPP Forecast 2013/14</b>	<b>Actual 2013/14</b>	<b>SPP Forecast 2014/15</b>	<b>Actual + Guaranteed Income 2014/15</b>	<b>Total Income 2013/14 &amp; 14/15</b>
Roundabouts	24,383	28,075	32,582	23,159	
Lamppost Banners	2,880	4,727	4,976	4,633	
Payslips	8,640	9,522	9,000	6,987	
Ranger Guides	2,700	2,661	3,300	0	
Service Points	0	273	1,092	360	
Refuse sticker	0	600	900	0	
Bus stops	0	0	2,880	0	
Comm. Waste Newsletter	0	570	900	0	
Website/Intranet	3,960	4,488	1,500	588	
Rose St Car Park	1,410	594	894	1,200	
Other	1,950	0	0	1,470	
	<b>45,923</b>	<b>51,510</b>	<b>58,024</b>	<b>38,397</b>	<b>89,907</b>

Note: approx £7k per annum costs need to be deducted from the above actual income figures for roundabout maintenance and payslip copy production

<b>Renewable Energy</b>	<b>Target 2013/14</b>	<b>Actual 2013/14</b>	<b>Target 2014/15</b>	<b>To end 14/2015</b>	
Renewable Heat Incentive <sup>1.</sup>			1,014,000	962,000	
Feed-in Tariff					<b>962,000</b>

1. RHI/FIT not reported under Income Generation Project in 2013/14 but attributed to the Asset Management Project.

## Appendix to Corporate Improvement Programme Report to the Resources Committee 26/11/14 - Income Generation Update

### Annex 2.

#### Income Generation Workshop Summary

##### Advertising and Sponsorship

<i>Idea</i>	<i>Comments</i>
School Crossing Patrols	To be explored by Care & Learning
Building wraps	Currently being looked at (Town House)
Large screens (on buildings)	Inverness Museum façade a possibility
Signage Interpretation/entrances	To be explored
Floral/other displays	To be explored
Tourism e.g. steeples, Inverness Castle	To be explored
Parking tickets	Can be considered as part of Service proposals
Bus shelters	Currently being promoted by SPP.
Postal franking	To be explored
Intranet pages	Currently being promoted by SPP.
Branding on school items e.g. calculators, books.	To be explored by Care & Learning

##### Charging for services

<i>Idea</i>	<i>Comments</i>
Short term city centre car parking	Being looked at as part of Service proposals
Invoice for others e.g. as Scottish Water (e-invoicing)	To be explored
Build marinas on west coast	To be explored
Charge for mooring facilities. Use card readers/advertising	To be explored
Lorry parks marshalling (overnight parking for trailers)	To be explored
Annual payments for services e.g. parking	Being looked at as part of Service proposals
Highland Council lottery – may need to be for some time	To be explored
Books of tickets for Inverness City car parks	Being looked at as part of Service proposals
Use honesty boxes where possible rather than not	Being looked at as part of Service proposals

##### Renewable Technologies

<i>Idea</i>	<i>Comments</i>
Ground source heat pump fish warehouses	Consider for feasibility studies in 2015/16
Solar panels at harbours	Consider for feasibility studies in 2015/16
Ground source heat pump in car parks warehouses	Consider for feasibility studies in 2015/16
CHP in mains gas buildings/housing.	Examples already being installed.