

The Highland Council

**Resources Committee
23rd November 2016**

Agenda Item	12(c)
Report No	RES/80/16

Commercial & Income Generation

Report by Depute Chief Executive/Director Corporate Development

Summary

This report provides an update on the Commercial & Income Generation activity, including success to date, the broader work supporting the commercialisation of the Highland Council, and work in progress on future plans and how this relates to the Council's budget strategy and service redesign.

1 Introduction

- 1.1 The Council agreed to establish a post of Commercial Manager within the Corporate Improvement Team, and the post was recruited to from July 2015 to deliver income through the management of current assets (advertising /sponsorship on roundabouts, lampposts, publications etc.) and identify new income streams.
- 1.2 Since commencing in post, the Commercial Manager was further charged with reviewing and recommending improvement to the Council's charging policy and supporting the wider Council to adopt and embed a more commercial approach.
- 1.4 The following sections provide detail on successes, with an overall income generated to date of £722k, representing a healthy (approx. 1455%) return on investment against the cost of establishing the Commercial Manager post.

2 Advertising & Sponsorship

- 2.1 Year on year growth of 30% (**£68.6k**) has been achieved through close management of the Council's agent and expansion of the asset base. An ambitious growth plan has been agreed with agent that will at least double income in 2016/7.
- 2.2 The expansion of roundabout sponsorship to trunk roads is in the final stages of agreement with Transport Scotland, and the net yield from these (25 across the Highlands) will deliver savings in a full year.
- 2.3 The Council's agent is currently offering advertising opportunities on the Council's street furniture, fleet and car park assets as well as digital opportunities (splash screens, enhanced Intranet and payslips). Naming rights for events and properties is also being explored.

3 Fees & Charges

- 3.1 Work with services to review fees and charges has identified **£450k** of income in the current years budget.

- 3.2** A full review of our current charging policy has been carried out, and work is progressing to build a council-wide charging database to enable services to review all charges easily, benchmark against other Council's and model charges to understand income impact.

4 Renewables

- 4.1** The Commercial Manager is supporting Renewables initiatives, including the following:
- Longman Bio-Gas project nearing completion with income expected by the end of calendar year (shared with Inverness Common Good Fund)
 - Seater landfill site on track for March 2017 (level income to be determined)
 - Janetstown Wind Project progressing with pre-planning being produced and grid connection fee identified.
 - Torvean Hydro Scheme at same stage.

5 Commercialisation

- 5.1** The longer term strategy is to embed commercialisation across the Council, and a key step in this has been the identification of Service Commercial Champions building upon interest generated by Colchester Councils' Chief Executive commercialisation seminars attended by Directors and Heads of Service.
- 5.2** Their role is to identify commercial opportunities within their service and with the Commercial Manager's support, bring the opportunity to life. This network has been in place since September with 2 projects currently being explored; to expand wrap around care and offer office rental to partners or third parties.

6 Other Activity

- 6.1** The Commercial Manager has been responsible for setting up and promoting the Salary Sacrifice and Staff Benefit Schemes, forecast to deliver **£204k** in 16/17.
- 6.2** The Commercial Manager is supporting the following Transformational Savings Programme saving projects:
- Marine Fuel (£200k saving), supporting the officers board in identification of new income streams in line with Harbour Boards strategic plan as well as a clear marine fuel pricing strategy
 - Procurement shared service board (£6.8m over 5 years).

7 Forward Planning

- 7.1** Much of the work progressed since July 2015 has been at the tactical level, with more emphasis on reacting to opportunities, supporting existing and initiating relatively smaller scale activities. For the Council to fully exploit and maximise Income Generation and Commercialisation opportunities, a strategic approach is required.

7.2 The strategy to fully exploit and maximise Income Generation and Commercialisation across the Council will include building on current work streams and will generate capacity for business development, providing the opportunity to make a step change in the levels of income required to support the Council in delivering services to the required standard, consistently across the Highland Region.

7.3 Recently the Commercial Manager role has expanded to support the Council's Service Redesign project, with an initial requirement to support 13 "mini reviews" concentrated on income, charges and commercial opportunities. These reviews and the wider service redesign initiative are seen as the key growth areas for commercial and income generation activity.

7.4 The income generation and commercialisation activity forms an integral part of the Service Redesign Programme, challenging the fundamental basis for current arrangements to service delivery and ongoing affordability.

8 Risk Implications

8.1 Risk implications will continue to be assessed for ongoing and new initiatives.

9 Resource Implications

9.1 There are no resource implications from the reconditions in this report.

10 Legal Implications

10.1 No issues

11 Equalities and Climate Change Implications

11.1 Initiatives will undertake equalities and/ or climate change impact screening where appropriate, to date no issues have been identified.

12 Gaelic Implications

12.1 No issues

13 Rural Implications

13.1 There are no specific Rural Implications as a result of this report, though Rural Impact Screening and Assessments will be undertaken on initiatives where appropriate.

14 Recommendations

14.1 The Committee are asked to note progress to date, and the work on developing future plans for Commercial and Income Generation initiatives.

Designation: Depute Chief Executive/ Director of Corporate Development

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