

Revenue Strategy

June 2013

CONTROL SHEET FOR REVENUE STRATEGY

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1. Executive Summary

- 1.1 Over the course of the last three to four years both Bolsover District Council (BDC) and North East Derbyshire District Council (NEDDC) have made major efficiency savings in response to reductions in Central Government grant and falls in other income sources.
- 1.2 The efficiencies which have been implemented have been significant, not least of which was the formation of the Strategic Alliance which brought the two authorities together in March 2011. While efficiencies have been made, the overriding objective of both councils has been to maintain the provision of high quality services to the residents of both districts.
- 1.3 While major savings have been made, there is more work to do. It is inevitable that further efficiencies will be required. However, it is also recognised that other measures are needed in order to ensure the councils' long term sustainability, focussed upon driving economic growth in the two districts, further work upon refining the councils' respective corporate priorities, and by increasing the level of income coming in to the two authorities. This Revenue Strategy seeks to make a major contribution to this latter point.
- 1.4 Working alongside Officers and Members a great deal of work has been undertaken over the recent months in order to define opportunities to bring additional revenue into the two councils focussed upon:
 - Potential opportunities to review/align existing fees/charges across the two councils.
 - Potential opportunities to introduce new charged-for services.
 - Potential opportunities to introduce trading activities.
 - Potential opportunities to more effectively market and promote existing/new council services.
 - Potential opportunities to introduce more effective corporate advertising and sponsorship packages.
 - Potential opportunities to increase the level of grant income into the two councils.
- 1.5 This work has revealed that in order to maximise the effectiveness of revenue generating activities, a number of process and procedural changes are required across the two councils in order to put in place a more consistent, corporate appropriate to driving revenue income.
- 1.6 In terms of specific revenue opportunities the work has revealed a number of areas of potential where it is possible for one, or the other, or both Alliance authorities to generate additional revenue.
- 1.7 In considering these opportunities, both councils are mindful of the impact of any changes upon their respective communities. Each revenue opportunity will be developed into a detailed business case which will be presented to Members for their consideration. This will be done on a phased basis over the course of the next nine months.

- 1.8 Measures to generate additional revenue are not a panacea which will address all of the issues facing both councils. However, it is clear that they will potentially make a meaningful contribution towards ensuring that both authorities are able to continue to deliver high quality, responsive services for residents throughout Bolsover and North East Derbyshire for many years to come.

2. Introduction

2.1 The Current Position

2.2 The current financial environment facing both Bolsover District Council and North East Derbyshire District Council is one of unprecedented challenge. Over the period 2010/11 to 2014/15 the two councils have experienced a significant reduction in their central government grant (BDC, -51%; NEDDC, -42%) which, when combined with reductions in other income and with rising expectations from service users, means that both authorities are facing increasingly difficult choices in terms of what services they can provide and to what quality they can provide them.

2.3 Members have been proactive in seeking to respond to these challenges. The formation of the Strategic Alliance between the two authorities in March 2011 was a bold step which has generated significant benefit to both councils and to our wider communities. Through a proactive efficiency agenda some £1.75m of savings have been generated across both councils during the course of the last two years.

2.4 However, in the context of continuing grant reductions and overall fiscal challenge much more work does need to be done. In moving forward it is important that both councils re-double their efforts, with a focus upon three key areas of activity:

- **'The Growth Agenda'** - work is needed to promote the housing and economic growth agenda across the two districts in order to increase employment, grow the areas' economic prosperity and to assist the councils' financial position through the receipt of increased levels of National Non-Domestic Rates (NNDR) and New Homes' Bonus.
- **'Prioritise the Priorities'** – over the course of the next twelve months the corporate planning process within both councils will be used as a mechanism to focus scarce resources upon the key strategic issues which the councils need to address within their respective districts.
- **'More of the Same'** – even more intensive work is needed to drive additional financial efficiencies through measures such as further growth in shared service working, business process re-engineering, robust financial controls, and by driving increased revenue through both councils.

2.5 Revenue Strategy

2.6 The purpose of this Revenue Strategy is to put in place a framework for driving increases in revenue within both authorities. Increasing revenue is clearly not a panacea to solve all of the issues facing the two authorities. It is, however, a mechanism which will make a meaningful contribution to the two councils' financial sustainability going forward.

2.7 It is important to recognise that efforts to increase revenue must not be driven by financial imperatives alone. Rather, they must be seen as part of an overall approach to improving delivery against the councils' corporate objectives. The

approach must be based upon providing high quality, value for money services to the residents of the two districts.

- 2.8 The two councils are fortunate in being able to build upon many existing good practice examples of revenue generation, such as the subsidy reduction work in Leisure, the increased commercialisation of some StreetScene functions (such as MOT testing, bulky refuse collection and tree maintenance work), and in the work of the NEDDC Communications Team in developing a centrally co-ordinated, best value approach to marketing some services. This document builds upon these and other approaches to encourage a commercial ethos which must be at the very core of all service delivery going forward.

2.9 The Legal Framework

- 2.10 In terms of the powers available to the two authorities to generate revenue, whilst it has long been possible for councils to charge for certain services, the Local Government Act 2003 (specifically, Section 93) introduced a new wide ranging power to charge.
- 2.11 Councils are able to charge for all discretionary services, the only exceptions being where a charge is specifically prohibited or a specific charging regime exists.
- 2.12 Any charges set should be limited to a level that covers the cost of providing the service. Generally, authorities should not seek to make a surplus, although there are circumstances where this is permitted.
- 2.13 Under the terms of the Local Authorities (Goods and Services) Act 1970 councils can trade with each other and with designated public bodies. The Local Government Act 2003 (specifically, Sections 95 and 96) enables councils to trade on a commercial basis with the private sector through a company. Whilst 'charging' is limited to cost recovery, trading can be for a profit. The power to trade commercially is exercisable only through a company, with profits payable to the council through dividends or service charges. Further details of the implications of progressing down a trading route are set out in s.3.15.

2.14 Document Structure

- 2.15 The scope of this document focuses upon opportunities to drive revenue through reviewing existing fees and charges, and considering the opportunities for new charged-for services. It considers potential trading opportunities, the need for more effective marketing of council services, as well as advertising and sponsorship opportunities, and the potential to bring additional grant income into the two councils. The extent of this work is very clearly defined. It specifically does not cover activities around asset rationalisation because, while the opportunities available in this area are clear, they are being pursued through other streams of activity which are outside the scope of this Strategy.
- 2.16 The document is broken down into a number of key sections:
- **Section 3**, which identifies the key principles which underpin efforts to increase revenue through fees and charges, trading, more effective marketing of council services, advertising and sponsorship, and by leveraging

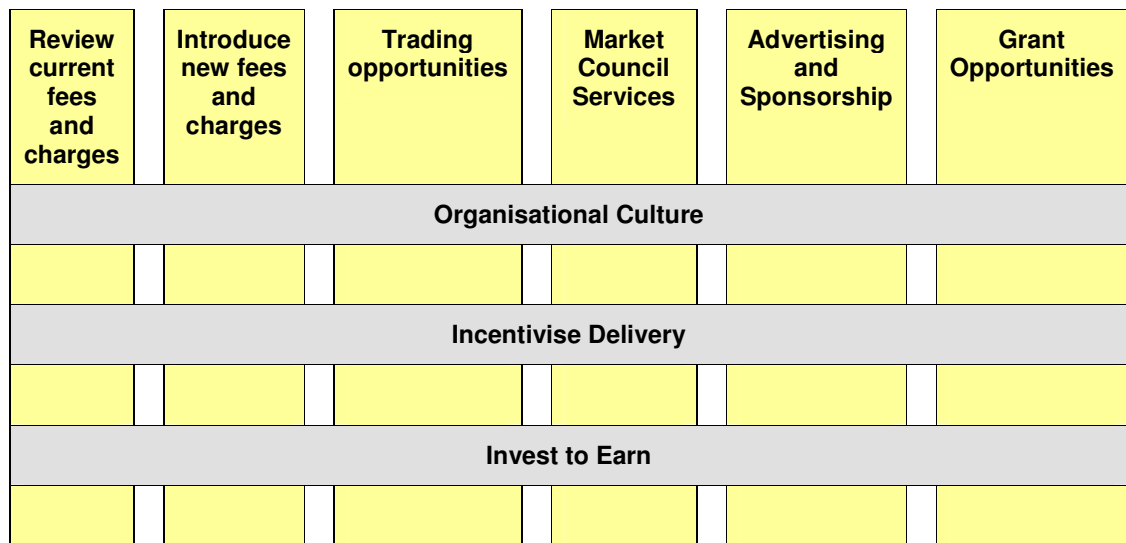
increased levels of grant funding into the two councils. This section considers these areas in detail, and identifies a number of 'cross-cutting themes' around organisational culture, incentivising delivery, and 'investing to earn' necessary to underpin efforts to increase revenue. The purpose of this section is to set out the 'why' and 'how' of revenue generation.

- **Section 4**, which identifies those specific areas which offer the opportunity to generate additional revenue in line with the councils' respective corporate plans. The purpose of this section is to set out the 'what', 'when' and 'who' of revenue generation.
- **Section 5**, which sets out actions to move this process forward focussed upon the procedural changes necessary to drive revenue generation and upon specific revenue opportunities.

3. Principles

- 3.1 The scope of this Strategy is focussed upon an examination of defined areas of activity which offer the potential to drive increased revenue across the two councils, with an emphasis upon fees/charges, trading opportunities, the marketing of council services, advertising and sponsorship, and increases in grant income.
- 3.2 In addition to the defined potential sources of revenue this section identifies the need to address key ‘cross-cutting theme’ issues around organisational culture, incentivising delivery and the importance of ‘investing to earn’, as set out in Figure 1, below.

Figure 1: Revenue Opportunities



3.3 Fees and Charges

3.4 Fees and charges for services currently make up the bulk of the two councils’ external revenues, but do still offer significant potential future opportunities. Fees and charges are clearly important in generating revenue. However, they are much more important than that, acting as mechanisms to assist the councils in achieving their key strategic objectives. So, for example:

- By setting charges below the market rate the use of a particular service can be encouraged. (For example, both councils have resisted the introduction of town centre car parking charges so as not to undermine town centre vitality.)
- By setting charges high the two councils can seek to manage the use of scarce resources.
- By structuring charges in different ways the councils can encourage particular patterns of user demand (for example, a twelve month Leisure membership package is cheaper to the customer than paying monthly for the same period), while employing differential charging for peak/off-peak leisure usage is a way of managing demand.

- By setting different charges for different groups or offering concessions the councils are able to target services towards specific users. (For example, NEDDC's 'Just Do More' Leisure brand, which targets different products at different market segments to increase both participation and income.)

3.5 Effectively, there is a fee/charges continuum available to the two councils which extends from, on the one hand, a fully commercial approach based upon setting charges which maximise revenue through to, on the other hand, a 'social welfare' approach where no charges are levied. This continuum is shown in Figure 2, below:

Figure 2: The Charging Continuum

Charging Approach	Policy Objective	Examples
Full commercial charges	To maximise revenues	MOT services Grounds maintenance services to Parish Councils
Cost recovery	To make a service generally available, but without the councils allocating their own financial resources to supporting it	Building Control services
Subsidised charges	To make a service widely accessible, but on the basis that service users do make a financial contribution	Leisure Service 'Just Do More' concessionary membership scheme
Nominal charges	The service is fully available but with charges set to discourage frivolous use	Photocopy charges to the public under Freedom of Information.
Free	The service is fully available	Town centre car parking
Statutory charges	Charges are set in line with legal obligations	Planning and land charge fees

3.6 At the present time the two councils adopt a range of charging approaches dependent upon the specific activity involved. What is not clear, however, is that the correct charging approach (ie. that which meets corporate objectives) is being utilised for each charged-for service. In order to address this issue a review of each fee/charge should be undertaken, where appropriate, as part of the 2014/15 fee/charge review process. Adopting the correct charging approach has always been vitally important for commercial businesses. Given the financial pressures facing the two councils it is now hugely important that a review is undertaken of the charging approach underpinning each charged-for activity.

- 3.7 Whilst all fees and charges do need to be reviewed in order to ensure that the correct charging approach is being utilised, it is important to recognise that there is a clear set of overarching criteria which underpin all charged-for activities. These principles are as follows:

Figure 3: Charging Principles

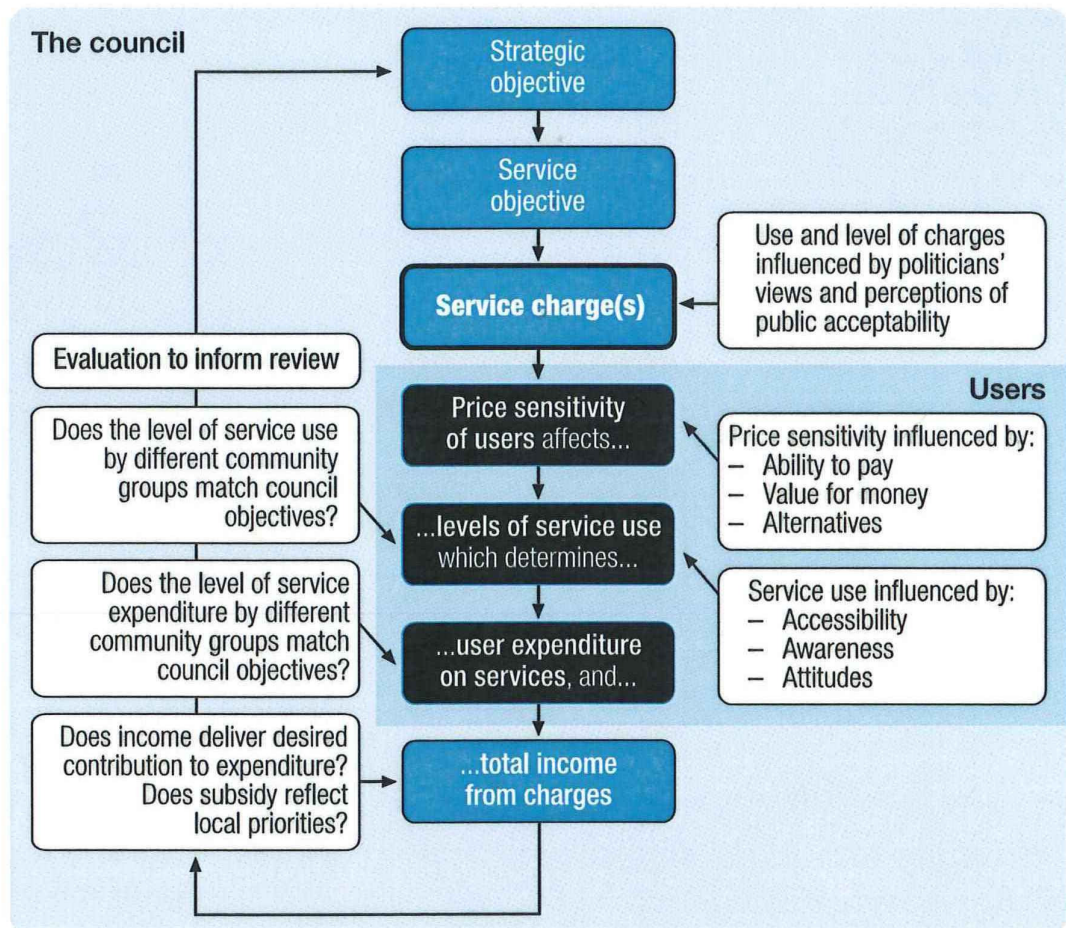
Charging Principle	Implications
'Fair Shares'	<p>Any subsidy from the taxpayer to the service user should be a conscious choice</p> <p>Concessions for service users should be based upon a consistent and logical pattern</p> <p>Fees and charges should not be used to provide subsidy from council tax payers to commercial operators</p> <p>A robust approach will be taken to fee dodging/charge avoidance</p>
'Rationality and Proportionality'	<p>All income streams should reflect council commitments and corporate priorities</p> <p>Price should be based upon added value as well as the cost of providing the service</p> <p>There should be a rational scale in the charge for different levels of the same service</p> <p>There should be some consistency between charges for similar services</p> <p>A premium pricing approach can be applied where an added-value service is provided (eg. application 'fast-tracking'/specified service delivery times)</p> <p>Fairness and equality will be considered when establishing charges</p>
'Stability and Predictability'	<p>The impact of charging policies should be managed through phasing over time where the impact is high.</p> <p>Fees/charges should fit with the councils' Medium Term Financial Plans - they should be affordable to both taxpayers and to service users</p> <p>Fees and charges should generate income to help maintain and develop capacity, deliver efficiency and maintain continuous improvement</p> <p>While, in most cases, the Councils' charges should be at least comparable with local authority peers and with the private sector, in some cases a different pricing approach will be utilised in order to win market share</p>

- 3.8 The existing framework of fees and charges must be appropriate to meet the councils' corporate objectives. It is also important to ensure that new fee/charging opportunities meet corporate goals.
- 3.9 The current processes for fee/charge identification, monitoring and review vary significantly both within and across the two councils, ranging from the formalised and structured methodology utilised, for example, within Leisure Services through, at the other end of the scale, to ad hoc informal processes within other service areas. There are no standardised and consistently applied

processes which span all areas of the councils. A mechanism will be put in place to address this issue.

- 3.10 At the present time, there is no corporate guidance within either BDC or NEDDC upon when services should charge for activities, nor is there coherent guidance upon the legal and policy constraints within which services can determine whether to amend charges. There are differences between services in the type and calculation of the costs used to price activities, how often prices are amended and the level of price inflation utilised. In the absence of clear guidance upon how to review charges there are many examples of two similar services to have significantly different pricing approaches.
- 3.11 Evidence-based fee and charge setting where there is full transparency upon the cost of the service, the changing approach used, market competition and alignment to corporate objectives will produce more effective fees which generate revenue and address corporate priorities. Figure 4, below, sets out the process through which all fees/charges will be reviewed on an annual basis in order to determine the price charges for the subsequent financial year. This process will be undertaken by Finance Teams as part of the normal budget setting process, with a report presented to Members of each council in January each year.

Figure 4: The Charging System



- 3.12 In terms of fee/charge monitoring more robust processes are required with 'revenue generation' to be added as a specific item to be addressed within each team's service plan, and as an agenda item at each Quarterly Performance Review meeting at which performance in generating income against identified targets and specific actions will be assessed. An overview revenue 'progress report' will be prepared by Finance Teams and reported back to Members of both authorities on a six monthly basis.
- 3.13 The need for robust and consistent fee/charge identification, monitoring and review processes is clear. What is also vitally important is the need to have in place the most comprehensive and effective payment collection systems possible. Payment systems that minimise cash transactions and require upfront payment are more efficient to operate and result in a lower risk of bad debts or payment defaults than retrospective cash payments. The introduction of new payment systems will be explored on a business case-by-business case basis.
- 3.14 Where default payments do occur both councils must be robust in their bad debt collection procedures. The appointment of external debt collection agencies has had a very positive impact upon collection rates across both councils and should be continued going forward.

3.15 Trading Opportunities

- 3.16 Local authorities have historically had fairly broad powers to trade with other public bodies, for example using the powers within The Local Authorities (Goods and Services) Act 1970. The Local Government Act 2003 added new opportunities to extend trading activities beyond the public sector to the wider market, private individuals, and to other bodies and organisations. In turn, the Localism Act 2011 extended trading opportunities further still allowing councils to trade in activities not related to their existing functions anywhere in the UK and beyond.
- 3.17 In order to trade with the public sector shared service arrangements offer a way forward. Under both the Local Government Act and the Localism Act, the power to trade commercially (ie beyond the public sector) must be exercised through a company. In the case of trading companies wholly owned by a council any profits generated may go back to the council in the form of dividends or service charges.
- 3.18 The most commonly traded local authority services are grounds maintenance, building maintenance, highways maintenance and vehicle maintenance. Other examples include facilities management, waste management and recycling, transport services and environmental services.
- 3.19 The establishment of a trading company involves risk and the potential to make losses as well as the potential to make profits. These risks and opportunities must be fully understood before any decision to progress down a trading route is taken. A key part of this process is the requirement for the council to prepare and approve a business case before exercising trading powers. This business case must cover the objectives of the company and required investment, business risks, expected financial results and other relevant outcomes.

- 3.20 Other important legal, financial and commercial considerations in the establishment of a trading company include company law issues, the cost of bidding for contracts, tax liability issues, EU procurement law and state aid rules, and employment law (eg. TUPE and pension issues). Detailed Legal, Financial, HR, and other advice will be required upon these issues.
- 3.21 The establishment of a trading company will require the identification of a business plan, and the identification of assets, articles of association, staff transfer, and an order book of work to keep the company going. There is no automatic right for a trading company to be awarded work from either council as there needs to be compliance with procurement rules.
- 3.22 Trading companies are not a panacea. While they offer clear opportunities there are other mechanisms - particularly through fees/charges - which provide the opportunity to generate income and maximise the use of resources. Nevertheless, the potential offered by trading opportunities should be explored further.

3.23 Marketing of Council Services

- 3.24 Marketing is widely defined as the ‘management process responsible for identifying, anticipating and satisfying customer demands profitably.’ It is built around the ‘7Ps’ model – with each element contributing to how a service will be structured, delivered and promoted to reach the target market and achieve a return on investment (as outlined below):

Figure 5: The 7P’s Marketing Model

Issue	Matters to be Considered
Product	What is the core marketable offer of the product/service?
Place	Where is the product/service sold/delivered – could it be moved (eg. online/to more central base?)
Price	What is the pricing strategy, for example: - Increase charges to maximise income? - Undercut competition to gain market share? - Offer an enhanced service at a premium price?
Promotion	Which mix of promotional channels is needed to reach the target market, eg. direct selling, paid-for advertising, printed literature, discount incentive etc?
People	Are more resources needed? Do staff have the right skills?
Process	Is the process streamlined/does it focus upon customer service?
Physical evidence	Evidence of professional service delivery, for example, appropriate premises which reflect brand/service standards
Partnerships	Could the service be delivered in partnership?

- 3.25 The traditional communications and marketing approach of local authorities (including BDC and NEDDC) has been directed to bring about specific behavioural goals for the public good, eg. encouraging people to recycle or to exercise more, rather than for commercial gain and profit.
- 3.26 However, with pressure on budgets it is more important than ever for councils to become more business-minded and commercially focussed. Meeting the needs of our communities and ensuring they benefit from our services – while also maximising commercial potential where appropriate - is the balance to be achieved.
- 3.27 Effective, co-ordinated and evidence-based marketing of council services where appropriate must therefore underpin this strategy in order for services to achieve their income potential.
- 3.28 This balanced marketing approach is already used successfully to a certain extent, and within available capacity – for example in NEDDC’s Leisure Services - but many other opportunities are available (see Section 4). Establishing and retaining market demand is a process which must be constantly reinforced in order to maximise the potential for success.
- 3.29 Whilst traditional communication channels such as council publications, the local press and advertising will remain important mechanisms for marketing council services, digital platforms will be increasingly used and there is a particular opportunity to develop the digital and database marketing capabilities of both authorities. This includes the use of relatively low cost/free communication channels, such as corporate websites (including the use of more online transactions), email marketing, social media and online PR to effectively promote services and engage communities. Some degree of investment in both infrastructure and staff resources will be needed to maximise benefits, for example to ensure the authorities can capture and effectively and properly use customer data.
- 3.30 A key to successful service marketing (both online and offline) is effective data collection, management and use. Developing and using customer databases enables greater market segmentation and targeting – increasing the effectiveness of campaigns and the likely return on investment. It should be noted that digital and database marketing is governed by strict regulations around use of customer information – the most important being the Data Protection Act and EU electronic communications regulations.
- 3.31 Whilst it will be challenging for the authorities to win and retain market share, it is important to recognise that the councils’ brands are strong, and are considered to be reputable, safe and representative of well delivered products and services. This provides a clear market advantage which can be built upon.

3.32 Advertising and Sponsorship Opportunities

- 3.33 In terms of hosting advertising and securing sponsorship there is a significant untapped potential within the two authorities. At present NEDDC generates only c.£17k of revenue from advertising/sponsorship per annum, comprising £12k roundabout sponsorship and £5k for advertising within ‘the NEWS’ magazine. BDC currently generates £16k per annum as a result of a recently

signed roundabout sponsorship agreement. In order to exploit the strong potential which exists a number of measures must be put in place:

- Fundamentally, there is a need for a joined-up approach to be adopted by the two councils. There are a limited number of appropriate advertising and sponsorship opportunities available - so taking a cross-council approach is crucial to maximising potential.
- While informal advertising policies are in place within NEDDC covering, for example, 'the NEWS' magazine and council website, a corporate advertising and sponsorship policy which is applicable to all appropriate channels within both authorities is needed.
- Sponsorship: as per advertising, it is important to define what is available to be sponsored across all departments and what is out of bounds. There is a need to be clear about the benefits to the sponsor(s). There is a need to understand what sponsor(s) want(s) and to spell out the benefits of a relationship with the council(s).
- Realistic plans and income targets covering advertising and sponsorship must be developed, and the appropriate level of resource put in place to support them.

3.34 At the present time the key advertising/sponsorship themes are ones of untapped potential and a lack of coordinated/joined up thinking across both councils. A number of authorities (such as Chichester District Council, Swindon Borough Council, and Nottinghamshire County Council) offer clearly defined advertising and sponsorship opportunities as part of their income generation strategies. These councils have produced 'media packs' (see s.6) which clearly define their advertising and sponsorship opportunities in terms of print media (eg council magazine, corporate publications), outdoor platforms (eg car parks/roundabouts/council vehicles), digital channels (website, intranet), event sponsorship, and other opportunities. A similar approach is recommended for both councils.

3.35 Grant Opportunities

3.36 Historically, the two councils have been relatively successful in securing external grant funding to support and enhance service delivery, key examples include the Bolsover and North East Derbyshire LEADER fund, external funding to support the regeneration of Clay Cross, and significant funding levered in to support the Decent Homes' programmes in both authorities. Whilst it seems certain that – at least in the short term – the level of available funding will be reduced many opportunities to bring grant income into the two authorities do still exist. The focus must be upon identifying and securing the maximum level of external funding by:

- Working with a wide range of partners to identify potential funding sources
- Having the right people at the right meetings

- Identifying new and innovative ways to tackle common issues in partnership with other stakeholders

3.37 As per other areas of revenue generation, at this moment most grant applications are made by individual services acting in isolation. While there is no requirement to establish a centralised process to review grant bids going forward, it is proposed that a register of all bids is maintained by the Strategy and Performance Team, and that a summary report is provided to SAMT on a six monthly basis. The purpose of this is to ensure that all council delivery/match funding commitments are clearly understood, that cross-departmental synergies are identified, and that funding opportunities are maximised.

3.38 Cross-Cutting Themes

3.39 There are a number of clear areas to be pursued in order to maximise the level of revenue coming into the two councils. There is also a requirement to take action in terms of a number of 'cross-cutting themes' which impact upon each of these areas of opportunity, as follows:

3.40 Organisational Culture

3.41 Working to the priorities determined by Members, employees are the key to the delivery of increased revenue across the two authorities. Both councils are fortunate in having dynamic, forward-looking employees who are keen to take ownership of their service areas. There is a need for all employees to adopt an ever more commercial approach and, in turn, there is a need for the two councils to support this process by:

- The provision of appropriate training and development to ensure that staff have the correct mix of commercial skills
- Monitoring performance and rewarding strong commercial achievements.
- Maintaining environments where staff want to be successful, achieve and deliver organisational goals

3.42 There is a need to create and reinforce a mind-set where staff think of their service as their own business and seek to deliver for customers in a long-term, sustainable way whilst meeting corporate aims and objectives.

3.43 This concept of greater commercialisation needs to be seen in a charging approach focussed upon revenue maximisation (while this could mean raising fee levels, it could also mean reducing fees to stimulate market demand), and in:

- A culture of entrepreneurialism and self-sufficiency in each service focussed upon maximising financial sustainability
- An 'every penny counts' mentality - creating this culture is part of the process of ensuring that all staff focus upon delivering all revenue opportunities where a business case exists, however large or small. It is not

acceptable to say that an idea will only generate a couple of thousand pounds so it is not worth pursuing. Ten ideas that each generate a few thousand pounds will make a material difference to the councils' financial sustainability.

3.44 Incentivise Delivery

3.45 In 2012 NEDDC's Economic Regeneration, Skills and Environment Scrutiny Committee reported upon the findings of a review into mechanisms to increase revenue into the authority. One of the key recommendations of the committee was that in order to help incentivise revenue generation services should be allowed to retain a portion of any additional revenue generated to reinvest in their own area.

3.46 There are a number of safeguards to be put in place around such a proposal - for example, any increase in revenue must be as the result of increased service usage (rather than simply as a result of an increase in fees) while any retained revenue should also be utilised to repay 'invest to earn' funding used to stimulate increased demand. In broad terms, however, this proposal will act as a powerful incentive to services to drive revenue across the councils.

3.47 Invest to Earn

3.48 It is clear that there are many opportunities to drive additional revenue through both councils. While in many areas this will be based upon a simple fee adjustment to more accurately reflect market price, in other areas there may be a need to invest additional resources to maximise revenue (such as the need for funding to enhance leisure facilities which will, in turn, drive increased revenues, or in the need to provide additional marketing resources to drive service demand and advertising/sponsorship income).

3.49 Whilst resources within both authorities are extremely limited the councils do benefit from investment reserves which, subject to Members' agreement, are available to be used to support 'invest to earn' opportunities. A recommendation is made to set aside £100,000 within each council for 2013/14 to support identified initiatives. For each invest to earn proposal a detailed business case will be prepared. It will be initially considered by the Revenue Strategy Working Group (currently comprising the NEDDC Director of Housing, Joint Assistant Director, Strategy and Performance, Joint Assistant Director, Finance and ICT, and the NEDDC Communications Officer) before progressing to SAMT, and then Members for final consideration. Funding will be allocated against the defined business case with resulting increases in revenue reported back to Members on a six monthly basis. A 'reimbursement plan' will also be agreed through which the service is required to repay the investment through the repayment of a defined proportion of its retained increase in revenue. In this way a revolving 'invest to earn' fund based upon a cycle of investment → increase in revenue → reimbursement will be established with services operating as effectively commercial organisations.

4. Areas of Opportunity

4.1 It is clearly important to put in place the appropriate processes, mechanisms and structures to drive revenue generation across the two councils. The key to success, however, is having the appropriate revenue generating opportunities to take forward.

4.2 Significant work has been undertaken with services across both councils in order to identify opportunities. The key areas of focus have been:

- A review of existing fees/charges to identify any opportunities to revise such charges to more accurately reflect corporate priorities/market prices
- An identification of opportunities to introduce charges for activities which are currently not charged for and/or to introduce new chargeable services
- An identification of potential trading opportunities
- An identification of key service marketing opportunities
- An identification of opportunities to drive advertising and sponsorship income across the two councils
- An identification of potential opportunities to generate additional income

4.3 A summary of the key findings of the work undertaken is set out below, with the detailed data presented in the identified Appendices.

4.4 Review of Existing Fees/Charges

4.5 Working with Assistant Directors an exercise has been undertaken to review comparative fees/charges across the two councils within the key areas of charging activity (ie. StreetScene, Environmental Health, Leisure, Planning, and Housing).

4.6 Comparative fee/charge schedules are set out at Appendix A. The key findings/recommendations are that there are a number of areas of significant differential between the two councils - for example, upon pest control fees, some licences fees, land charge fees, refuse fees, and some leisure fees, and in other areas. These will be investigated in detail over the months ahead and opportunities for review/alignment presented to Members for both Authorities for their consideration.

4.7 New Fee/Charge Opportunities

4.8 In order to identify opportunities where new fees/charges could be introduced in line with the Council's corporate objectives, detailed work has been undertaken, based upon:

- An analysis of the findings of a study completed by Deloitte upon behalf of a number of East Midlands' councils (including NEDDC, but not BDC) in late 2011 into fees/charges across the sub-region.

- Detailed discussions with Joint Directors, Joint Assistant Directors and a number of other senior managers into potential new fee/charge opportunities within their respective service areas.
 - Production of a long-list of potential new fee/charge opportunities (see Appendix B).
 - Subsequent short listing and prioritisation by Members of those opportunities which should be considered in detail during the current financial year.
- 4.9 Of the approximately sixty proposals put forward by officers a number are already in train (for example, Leisure proposals are being progressed through the Leisure Subsidy Reduction Strategy). Of the residual proposals, more than thirty have been identified by Members as priorities for detailed investigation and business case development during the course of the current financial year. Officers will prepare an action plan in order to bring forward these business cases to Members on a phased basis over the course of the next nine months.

4.10 Trading Opportunities

- 4.11 Consultation with Assistant Directors and Service Managers has resulted in the identification of only three potential trading opportunities at this stage:
- Provision of marketing/communications consultancy services.
 - Provision of private grounds maintenance work.
 - Provision of grounds maintenance work for parish councils.
- 4.12 Trading within the public sector is relatively straightforward, and opportunities will continue to be identified. In terms of commercial trading beyond the public sector both the opportunities and risk inherent in such an approach require further detailed consideration. A report on these matters will be presented to Members of both Alliance Authorities in October 2013.

4.13 Marketing

- 4.14 As identified at 3.28 there is a need to put in place strengthened marketing activity in order to drive revenue streams. Focussed marketing has been effective in increasing usage and revenue within NEDDC Leisure Services increasing income at leisure centres by £230,000 since 2011 and increasing participation rates across the board.
- 4.15 Undertaking such work is resource intensive but, if done effectively, the rewards are potentially great. It is proposed that additional resource is provided within the Communication Team to drive more active marketing and promotion of council services. All services will benefit from this additional support, but the areas of potentially greatest benefit are focussed upon business centre/industrial premises marketing, the promotion of Environmental Health services, Streetscene activities (eg grounds maintenance/bulky waste

collection/MOT services), and BDC's Leisure Services. Plans for each of these services should be the early focus of marketing activities.

4.16 Advertising and Sponsorship

4.17 In respect of advertising and sponsorship there are also significant opportunities to increase income upon the basis of a clear corporate approach focussed upon full range of council 'assets' (eg publications/vehicles/facilities/events).

4.18 As highlighted as s.3.33, both Councils are significantly underperforming in terms of generating advertising and sponsorship revenue. The councils, and their assets, represent high profile, well respected 'brands' with which many advertisers and sponsors would wish to partner. The key is to have a more coherent, corporate approach than has hitherto been the case.

4.19 Many councils across the country have recognised these opportunities and have produced comprehensive 'Media packs' (an example from Chichester District Council is attached at Appendix C) within which their offer to advertisers and sponsors is clearly defined. This approach has generated significant revenue for many councils and will be replicated here with a Media Pack spanning both Alliance Authorities (and an accompanying Advertising and Sponsorship Policy) presented to Members of both councils for their consideration in October 2013.

4.20 Grant Opportunities

4.21 As outlined above, historically, both councils have been successful in securing external grant funding to support key areas of activity. There is a need to focus in order to continue that success within the context of diminishing pool of available opportunities.

4.22 Securing external funding relies upon both far-sighted strategic planning and flexible opportunism. A key to more effective performance will be to ensure the effective flow of grant information across and between service areas. To facilitate this comprehensive register of all grant funding bids will be in place by September 2013. The register will be maintained by the Strategy and Performance Team and will be reported back to SAMT on a six monthly basis going forward.

5 Action Plan: Procedural/Policy Actions

Action	Lead Officer(s)	Target Date	Expected Outcome	Resources
Undertake a formal review of all chargeable services to ensure that the correct charging approach is being used	Joint Assistant Director, Strategy and Performance	Commence July 2013; complete October 2013	Clarity upon the pricing approach underpinning each charged-for service	<ul style="list-style-type: none"> • Policy and Strategy Team • Service Managers
Introduce a formal, standardised process for the identification, consideration and review of potential income generation opportunities,	Chair of Income Generation Group	Commence, September 2013; Complete, November 2013; Report to Members, December 2013 (and annually thereafter)	Introduction for a consistent annual process for the review/setting of fees/charges for the subsequent financial year	<ul style="list-style-type: none"> • Finance Team • Service Managers
Report to Members of each council each year detailing proposed fees/charges for the subsequent financial year	Joint Assistant Director, Finance and IT	Commence, September 2013; Complete, November 2013; Report to Members, December 2013 (and annually thereafter)	Enhanced clarity upon the fee/charge approach to be adopted for each charged-for service in the subsequent financial year	<ul style="list-style-type: none"> • Finance Team • Service Managers
Introduce 'revenue generation opportunities' as a discrete item to be addressed in all service plans	Joint Assistant Director, Strategy and Performance	Issued as part of service planning guidance, October 2013 (for the 2014/15 service planning round)	Revenue generation considered as an integral part of the business planning process	<ul style="list-style-type: none"> • Strategy and Performance Team • Service Managers

Action	Lead Officer(s)	Target Date	Expected Outcome	Resources
Introduce 'revenue generation monitoring' as a discrete item to be covered in each Quarterly Performance Review (QPR) meeting	Joint Assistant Director, Strategy and Performance	Introduced for the July 2013 round of meetings	Revenue monitoring considered as an integral part of the QPR meetings	<ul style="list-style-type: none"> • Strategy and Performance Team • Service Managers
Formally report back to Members upon progress against revenue targets on a six monthly basis	Joint Assistant Director, Finance and IT	Commence September 2013, and six monthly thereafter	Robust monitoring of revenue generation in place with the opportunity for mitigating action to be taken	<ul style="list-style-type: none"> • Finance Team
Explore opportunities to introduce new/additional mobile/cashless payment systems	Joint Assistant Director, Finance and IT	Commence October 2013; complete December 2013; report to Members, January 2014	Opportunities to introduce new payment systems considered	<ul style="list-style-type: none"> • Finance Team
Undertake more detailed investigation into the potential offered by trading opportunities	Joint Assistant Director, Strategy and Performance	Commence July 2013; complete September 2013; report to Members, October 2013	Identification of trading opportunities leading to a decision upon whether to progress down this route	<ul style="list-style-type: none"> • Strategy and Performance Team
Put in place a policy around digital marketing/database use	NEDDC Communications Officer	Commence July 2013; complete September 2013; report to Members October 2013	Robust policy around digital marketing and database use in place	<ul style="list-style-type: none"> • Communications Team

Action	Lead Officer(s)	Target Date	Expected Outcome	Resources
Establish corporate advertising and sponsorship policies	NEDDC Communications Officer	Commence, July 2013; complete, September 2013; report to Members, October 2013	Robust advertising and sponsorship policy in place	<ul style="list-style-type: none"> • Communications Team
Prepare an advertising and sponsorship 'media pack' which clearly identifies potential advertising/sponsorship opportunities	NEDDC Communications Officer	Commence August 2013; complete, September 2013; report to Members, October 2013	Media pack in place as the mechanism for promoting Council advertising and sponsorship opportunities	<ul style="list-style-type: none"> • Communications Teams
Establish/maintain a register of all external grant funding bids, and report to SAMT on a six monthly basis	Joint Assistant Director, Strategy and Performance	Commence September 2013 and six monthly thereafter	Register of all bids maintained and reported yearly to opportunities for greater synergies/joint working	<ul style="list-style-type: none"> • Strategy and Performance Team • Service Managers
Deliver a comprehensive and ongoing training programme to develop commercial skills amongst all service managers	Joint Assistant Director, Strategy and Performance/ Joint Assistant Director, Human Resources	Commence September 2013 and ongoing	Enhanced commercial skills in place for all service managers	<ul style="list-style-type: none"> • Joint Assistant Director, Strategy and Performance • Joint Assistant Director, Human Resources • Service Managers • Funding
Secure formal approval for services to	Joint Assistant	Report to Members,	Mechanism in place	<ul style="list-style-type: none"> • Joint Assistant Director,

Action	Lead Officer(s)	Target Date	Expected Outcome	Resources
retain a portion of any additional earned income for reinvestment in their own area of activity	Director, Finance and ICT	August 2013	to incentivise income generation	Finance and ICT
Allocate an 'invest to earn' budget in each council to be used to fund the additional resources necessary to support agreed revenue generating opportunities	Joint Assistant Director, Finance and ICT	Report to Members, August 2013	'Invest to earn' budget agreed to support agreed proposals	<ul style="list-style-type: none"> • Joint Assistant Director, Finance and ICT

6 Appendices

- Comparative fee/charge schedules for [Environmental Health](#), [Leisure](#), [Planning](#) and [StreetScene](#) service.
- [Long list of potential new fee/charge opportunities identified by Assistant Directors/service managers.](#)
- [Example advertising and sponsorship media pack](#) (Chichester District Council).