Project Brief Commercial Programme: Income Generation

|  |  |
| --- | --- |
| **Project Name** | Income Generation  |
| **Document Date** | 05/02/2024 |
| **Document Ref** | Com-002 |
| **Raised By** | Chloe Rickard & Johnny Hunt |
| **Project Sponsor** | Gerard McCleave |

|  |
| --- |
| **Purpose of the Project**  |
| To explore and maximise income generation opportunities across the council, both increasing the gross revenue and maximising the net revenue from income opportunities in order to protect and invest in vital frontline services. This project is in place to identify new and capitalise upon existing revenue streams to optimise income generation for LBC. It will also build-upon previous exercises to review all income generation, including ‘traded services’ and all fees and charges levied, but also consider other potential new income from external sources through sharing services, trading services with other councils and partner organisations through a more enterprising commercial approach. |

|  |
| --- |
| **Project Scope** |
| **In Scope*** Overarching Commercial Strategy that sets out the principles of income generation and the organisational changes, improvements and investments required to maximise opportunities
* Establish governance for future commercial activity and culture, and recommend appropriate officer structure
* Prioritised roadmap of commercial opportunities with high level estimates of size of potential income and investment required. Noting, some of these may proceed straight to delivery, e.g. actions to improve services that do not require additional investment. Others may require their own business cases to be developed later, e.g. opportunities to maximise income from advertising, setting up of new income generating services or improvements that require investment
* Specific report on schools trading and recommendations for further development to enhance LBC’s Traded Services offer to schools

**Out of Scope*** Business Cases (‘5 case’ or otherwise) or commercial strategies for individual products and services, e.g. business case for Advertising
* Implementation
* Legal advice
* Luton Airport
* Schedule of Fees and Charges for 2024/25
 |

|  |
| --- |
| **What happens at the end of this phase of work?**  |
| By the end of this phase of work: * The council will have an overarching Commercial Strategy that sets out the principles of income generation and the organisational changes, improvements and investments required to maximise opportunities
* The council will have a prioritised roadmap for new and existing income streams
* The council will have an action plan to enhance its Traded Services offer to schools

With a newly established commercial governance to drive improvements to maximise net revenue income opportunities, the council will be able to move to the next phase to plan how to implement the opportunities identified and deliver schools trading recommendations.  |

|  |
| --- |
| **Project Type and Estimated Time/high level plan**  |
| A Linear Project Plan with identified resource requirements, progress tracking and estimated timescales will be maintained. ([Draft](https://humanengine.sharepoint.com/sites/human-engine/_layouts/15/Doc.aspx?sourcedoc=%7BE16FCBF3-327D-4E06-83A8-37E3BA725E27%7D&file=Luton%20Commercial%20Project%20Plan%20(Contracts,%20Third%20Party%20%26%20Income%20Gen).xlsx&action=default&mobileredirect=true&DefaultItemOpen=1) attached in email)

|  |  |
| --- | --- |
| Stage | Estimated Timeframe |
| **Project Initiation**; Form governance; agree scope, lines of enquiry and deliverables for inclusion in this Project Brief; confirm risks, assumptions, issues and dependencies; set up all relevant meetings including draft ToRs | 1 week |
| **Deliverables and activities by beginning of March**Review outputs from Discovery Phase; refresh data and identify data/information gaps; undertake relevant desktop research and stakeholder engagement  | 5 weeks |
| **Deliverables and activities by end of March** Analyse refreshed data and findings and commence collation of strategy, opportunities roadmap and schools traded service outputs.Undertake further analysis and stakeholder engagement to gain further insight / prioritisation. | 3 weeks |
| **Deliverables and activities by mid April**Finalise recommendations, strategy and pipeline ensuring all relevant stakeholders engaged and supportive; identifying recommendations for routes to implement and achieve suggestions | 2 weeks |
| **End Discovery Stage – end of April** | 1 week  |

 |

|  |
| --- |
| **Critical dependencies, constraints, assumptions** |
| **Dependencies:** * New commercial governance established, so that commercial culture and acumen available to drive forward and understand project potential
* Currently apportion overhead costs, on a reported full absorption cost basis, to all ‘traded services’ - ceasing or reducing any trading activity will impact on the ability to recover corporate overhead and indirect costs.

**Constraints**: * Generating further income with already tight budgets – both the Council’s budget and customers/residents.
* Some fees and charges are national set / statutory

**Assumptions:** * Able to gain a reliable understanding of the external market situation and demand
* Granular data is available for past and predicted income generation by service and product
* Organisation will prioritise income generation and implement recommended structures, principles and ways of working to successfully create the conditions to achieve income ambitions
 |
|  |

|  |
| --- |
| **Key Risks and Dis-benefits** |
|

|  |  |  |
| --- | --- | --- |
| Risk | Likelihood (1-5) | Impact (1-5) |
| Due to: A lack of skills and capacity within relevant teams to support the projectThere is a Risk: That it is difficult to get work completed The Impact: Is that progress may be harder to achieve with less people available from LBC to help or without robust intelligence and insight | 5 | 4 |
| Due to: Tight budget constraints and lack of investment availableThere is a Risk: That generating income will be difficult The Impact: Income generation targets are not met  | 4 | 3 |
| Due to: A lack of commercial maturity and ownership of income gen targets within the organisation There is a Risk: That there will be a lack of clarity and understanding on income generation and commercialisation opportunities The Impact: The full benefits of income generation opportunities will not be fully realised  | 3 | 3 |
| Due to: Inconsistent commercial income and financial cost management and budgeting approachesThere is a Risk: That budgets may not be aligned to customer / market focused commercial activityThe Impact: Services do not deliver to budgeted targets as planned | 4 | 3 |
| Due to: Delays to enter particular markets (eg Schools)There is a Risk: Competitors are more establishedThe Impact: is that LBC are unable to enter or gain further market share and therefore not achieve income from desired customer base | 3 | 4 |

 |

|  |
| --- |
| **Project Benefits** |
| **Benefits of the completed project (after this Discovery Stage)**This project will identify financial benefits, such as areas of potential income with suggestions for mobilisation. Income benefit will not be realised in this phase of delivery, but in the next implementation phase of the Transformation Programme.This project will also identify areas of non-financial benefit, including potential increase efficiency, relationship building/retention, skill development and organisation culture development; but the benefits won’t be realised until implementation of recommendations.

|  |  |  |  |
| --- | --- | --- | --- |
| **Description**  | **Observable Outcomes**  | **Attribution**  | **Measurement**  |
| Identification of opportunities to achieve targeted increase in income | Clear pipeline of income-generating opportunities for mobilisation  | Fully | Evaluation of the number and quality of income-generating suggestionsComparison of estimated potential income (£230,000) with actual outcomes |
| Income will be able to be reinvested and support costs of vital services across the organisation when funding continues to reduce, and financial savings are required | Increased availability of funds for vital services | Fully | Comparison of funds allocated to vital services before and after implementation |
| Increasing commercial culture and acumen of organisation, creating efficiency in decision making and pace of delivery, enabling greater ownership of income budgets and expectations by service managers | Enhanced efficiency in decision-making processes and achievement of income  | Partially | Assessment of time taken for decision-making, increase in income achieved, and reduction in variance between income budget and actuals achieved |
| Potential for further partnership working across the borough | Expanded network of partnerships and collaborations | Partially | Analysis of new partnerships formed, joint initiatives undertaken, and impact on organisational goals |
| Increase of brand and positioning of LBC in desired markets | Heightened visibility and positive perception in targeted markets leading to income generation | Partially | Surveys, market analysis, and feedback to gauge brand perception and market positioning.Increase in income achieved. |
| Further engagement with targeted stakeholders – eg, Schools – enabling greater conversation/involvement and achievement of more favourable outcomes/results | Increased participation and positive outcomes from targeted stakeholders, such as schools | Partially | Surveys, feedback from stakeholders, and comparison of outcomes before and after engagement initiatives.Increase in income achieved. |

 |

|  |
| --- |
| **Project Stakeholders and Resource *(Resource required for programme and portfolio planning)*** |
|

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Person or team | Responsible | Accountable | Consulted | Informed |
| Project Sponsor: Gerard McCleave |  | X |  |  |
| Programme Board: Gerard McCleave, Simon Bishop, Chloe Rickard, Max Beckett, Johnny Hunt, Catherine Southern, Lisa Hooper, Helen Cavanagh, Darren Lambert, Atif Iqbal, Atika Chowdhury, Jill Britton, Sinead McNamara, Clive Roberts |  | X |  |  |
| Project Manager: Chloe Rickard | X |  |  |  |
| Subject Matter expert: TBD in line with Lines of Enquiry |  |  | X |  |
| Project Task & Finish Group: Chloe Rickard, Simon Bishop, Max Beckett, Johnny Hunt, Sue Burton, Clive Roberts, Vicky Hawkes, Atika Chowdhury | X |  |  |  |
| Wider stakeholders: Schools facing services |  |  | X |  |
| Wider stakeholders: Income generating managers / product owners |  |  | X |  |
| Wider stakeholders: Target Customers |  |  |  | X |
| Wider stakeholders: Commercial Board |  |  | X |  |

Resource: Council Departments that will need to be involved in the Project

|  |  |  |
| --- | --- | --- |
|  | Is this department involved? Yes/No | Low, medium or high involvement? |
| HR | Yes | Low |
| Legal | Yes | Medium |
| Finance | Yes | High |
| Place | Yes | Medium |
| Highways | Yes | High |
| Education | Yes | High |
| Waste and Recycling | Yes | Medium |
| Social Care | Yes | Medium |
| Amenity Management and tree work | Yes | Medium |
| Local Authorities and Social Housing Landlords | Yes | Low |
|  |  |  |

 |

|  |
| --- |
| **Project involves processing of personal data?**  |
| Human Engine is in contract with Luton Borough Council and is under contract to share sensitive data, where needed. Human Engine will be the Data Processor under the following principles:* Subject matter of the processing – Personal data relating to staff and service users; subject matter is a wide variety and could include special category data such as health and disability.
* Types of Personal Data – wide variety and could include special category data such as health and disability
* Categories of data subject – Staff, members of the public and businesses
 |

|  |
| --- |
| **Associated Documents**  |
| All appropriate discovery phase documents have been saved in specific [Income Project channel in Luton Transformation 2040 Sharepoint area](https://lutonbc.sharepoint.com/%3Af%3A/r/sites/Transformation2040-CommercialandIncomeGeneration/Shared%20Documents/Commercial%20Programme/Commercial%20and%20Income%20Generation%20Project?csf=1&web=1&e=CdeHsA).   |

|  |
| --- |
| **Project Sponsor’s Signature**  |
| **Signature:****Name:****Job Title:****Date:** |