

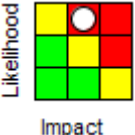
Income Generation

Generated on: 16 November 2018



| | | | |
|-------------------------|---|---------------------------|--------------------------|
| Risk Code | CR61 | Risk Title | Income Generation |
| Risk Owner | Steve Crowley | Updated By | Steve Crowley |
| Year Identified | 2016 | Corporate Priority | Responsive and Efficient |
| Risk Description | <p>The General Power of Competence contained in the Localism Act 2011, allows councils to operate more commercially and to undertake activities previously restricted to the non-public-sector. The Council has taken the first steps in developing a more commercial culture and approach to service delivery, e.g. the introduction of a Service Director – Commercial post and the development of a draft Commercial Strategy. This will seek opportunities to generate additional income from existing and new services and to improve the Council's overall financial position.</p> <p>To be successful in realising opportunities and the associated benefits, the Council will need to:</p> <ul style="list-style-type: none"> - Truly embed a commercial culture for both Members and Officers - Understand the need to pursue additional income generation opportunities - Have a consistent and considered approach to assessing and developing new ideas - Have sufficient commercial expertise and experience - Have sufficient risk awareness and establish a risk appetite that aligns with its corporate objectives, in order to make informed decisions and avoid focusing on the downside risks of potential ventures rather than the upside opportunities, i.e. being overly risk averse - Have sufficient resources to research options and develop business cases diligently - Have a clear understanding of associated governance and legal requirements - Be aware that some commercialisation initiatives will not be successful - Learn from the experience of others <p>If the above are not in place, there is a risk that the Council:</p> <ul style="list-style-type: none"> - Fails to capitalise on viable opportunities - Progresses with commercialisation opportunities that are not appropriate, not the best use of resources or do not provide a balanced risk exposure - Fails to maximise the chances of individual project success and the realisation of maximum benefits - Fails to maximise contributions to revenue/capital income streams - Does not adhere to relevant rules and regulations <p>This could lead to the Council:</p> <ul style="list-style-type: none"> - Not taking up commercialisation opportunities - Taking too long to take up opportunities, which then reduces or eliminates any benefits - Taking up sub-optimal opportunities <p>It should also be noted that there will be additional specific risks associated with all potential ventures, e.g. failing to deliver the benefits identified in the Business Case, and these will be recorded and managed on a project-by-project basis.</p> | | |
| Opportunities | <ul style="list-style-type: none"> - To realise the benefits of new service provision and new ways of working - To generate sufficient income to be self-sufficient from central government funding - To maintain and improve existing services - To avoid or limit Council Tax increases - To provide new (or continue to provide existing) services that are valued by residents | | |
| Consequences | <ul style="list-style-type: none"> - The Council might have to reduce or stop non-statutory services - The Council might have to reduce the quality of statutory services - Complaints from residents and service users might increase - The Council's reputation might be damaged, as a result of either enforced changes to current service provision or the failure of new ventures - NHDC/officers might face sanctions | | |

Income Generation

| | | | |
|-----------------------------|--|---------------------------------|---|
| Work Completed | <ul style="list-style-type: none"> - Scoping and consultancy advice (financial and legal) relating to the formation of a Property Company - SIAS audit of Income Generation completed and report received (November 2017) - Cabinet approval obtained to establish a Property Company (wholly owned holding company and trading companies) - Service Director - Commercial post established as part of the new senior management arrangements - E-form available via the intranet to submit new business proposals or suggest ways of improving current service provision - Commercialisation email address created for queries | | |
| Ongoing Work | <ul style="list-style-type: none"> - Service Director - Commercial formulating the structure of a new team to investigate commercial opportunities and this will be followed by the relevant recruitment processes - Service Director - Commercial drafting a formal Commercial Strategy, in consultation with the Executive Member for Finance and IT, regarding the approach to investigating and pursuing internal/external commercial opportunities (i.e. generating ideas, capturing them, bringing them forward, testing them and choosing which ones to proceed with) to generate cost savings/income - Structure and Strategy to consider the Income Generation audit recommendations relating to the: <ul style="list-style-type: none"> -- Development of a strategy to provide direction and support decision making -- Development of a business case template to assess the viability of all income generation proposals -- Identification of key Officers to champion commercialism - Working with Learning and Development to develop appropriate Commercial training packages, in order to develop individual and corporate understanding and skills - Service Director – Commercial discussing approach and ideas with service areas throughout the Council - Draft Commercial Strategy to go to PLB in December 2018 and to O&S and Cabinet in January 2019 - Whilst work is underway on the structure, strategy and culture, continue to progress initial ideas, e.g. conversion of former offices at Harkness Court <p>The required risk mitigation measures are described above. The main strategic mitigation is to get a culture in place that promotes ideas and takes appropriate risks in progressing opportunities. There will be additional mitigations that are required in relation to specific projects.</p> | | |
| Current Impact Score | 2 | Current Likelihood Score | 3 |
| Overall Risk Score | 7 | Current Risk Matrix |  |
| Date Reviewed | 13-Nov-2018 | Next Review Date | 13-Feb-2019 |
| Latest Notes | 16-Nov-2018 Risk entry circulated to Anthony Roche and Ian Couper for comment and further updates made. | | |
| | 16-Nov-2018 Risk reviewed and updated by Steve Crowley on 13 November 2018 to reflect the content of the draft Commercial Strategy. Work continues on the development of the required strategy, structure and culture, whilst we progress initial ideas and projects. No change made to the current risk score. | | |