



Business Change and Resources Scrutiny Commission Income Generation Update

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In Summary

- The minimum target set in the change programme financials relating to the income workstreams is £0.5m in 2015/16, rising to £2.0m in 2016/17.
- Benefits delivered from the work carried out to date will exceed these minimum targets.
- The next phase of work will be to identify additional council-wide opportunities, to enable us to further exceed these levels and to set a new target to further contribute to the overall change programme benefits achievable – process supported by KPMG



Progress to date

- The initial focus, as outlined in previous updates to the board, has been to deliver the savings targets in specific areas, particularly in corporate finance activities.
- More proactive Treasury Management and Investment practices (additional interest) established in the year to date will deliver minimum additional savings of £0.4m for the current year; rising to an ongoing full year impact in excess of £1.1m.
- The Debt Management Project has been underway for the last 3 months, with an objective to collect £5m of the overdue balance of £13m. The net benefits from the project will deliver total minimum savings of £3.3m of which £0.6m is allocated towards the change programme target for current year, the full year effect from 2016/17 is prudently £0.9m.



Progress to date

Additional Income Sources identified

- A concession to utilise spare capacity within the B-Net City Wide fibre network/ duct infrastructure is being awarded. The concession, which comprises a combination of guaranteed payment and a revenue share, will deliver an additional income stream for the council in excess of £1m p.a over a 20-year period. Part-year benefits in 2015/16 will deliver £140K this year, rising to a figure in excess of £800K in 2016/17 – rising to over £1m annually from 2017/18



Progress to date - continued

Having secured the minimum targeted savings, the focus moves to a broader corporate approach across the council. KPMG have been engaged to support the following process:

- 1 Optimisation of existing revenue streams – Reviewing existing fees and charges, traded services or investment
- 2 New Income Streams – To bring subject matter expertise and insight to identify potential new revenues for the Council.
- 3 Income Generation Strategy – To inform the development of an income generation strategy for the Council

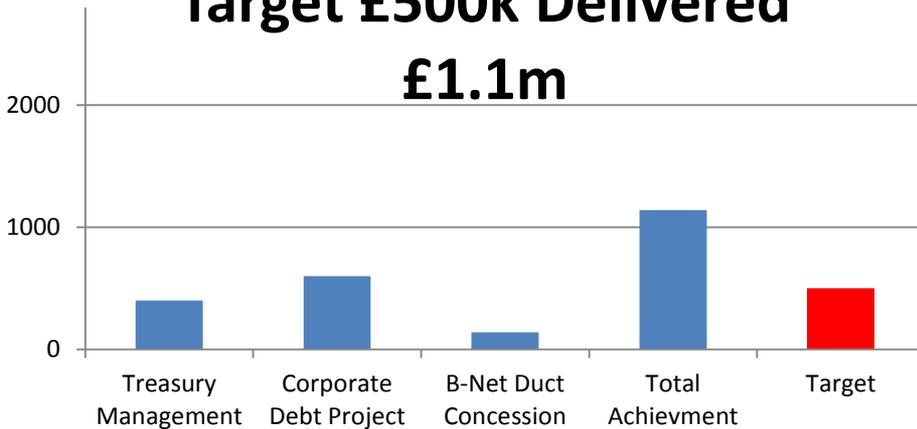


Progress – Savings against targets

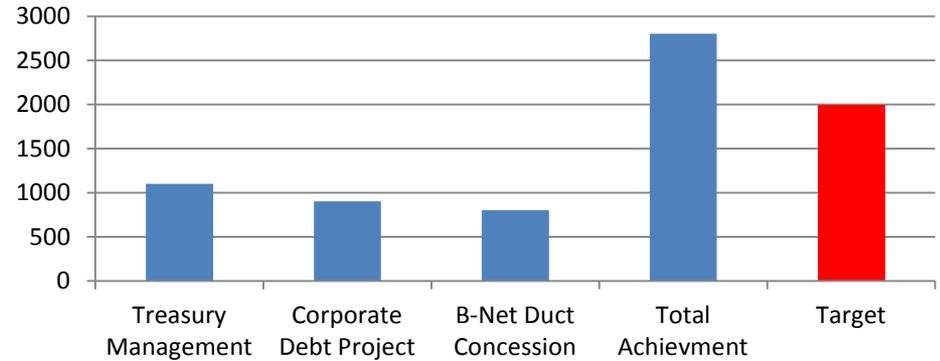
Targets exceeded, noting they were minimum baselines to achieve:

2015/16

Target £500k Delivered
£1.1m



2016/17 Target £2m
Delivery £2.8m



Next Steps - Across the Council

To underpin their analysis, KPMG will draw upon:

- Local Government income generation expertise and methodologies
- Corporate Finance and Service e.g: Housing Vehicle subject matter experts
- Strategy and Alternative Delivery Model subject matter experts
- Private and Public Sector Benchmarks from KPMG / other subcontractor databases where appropriate



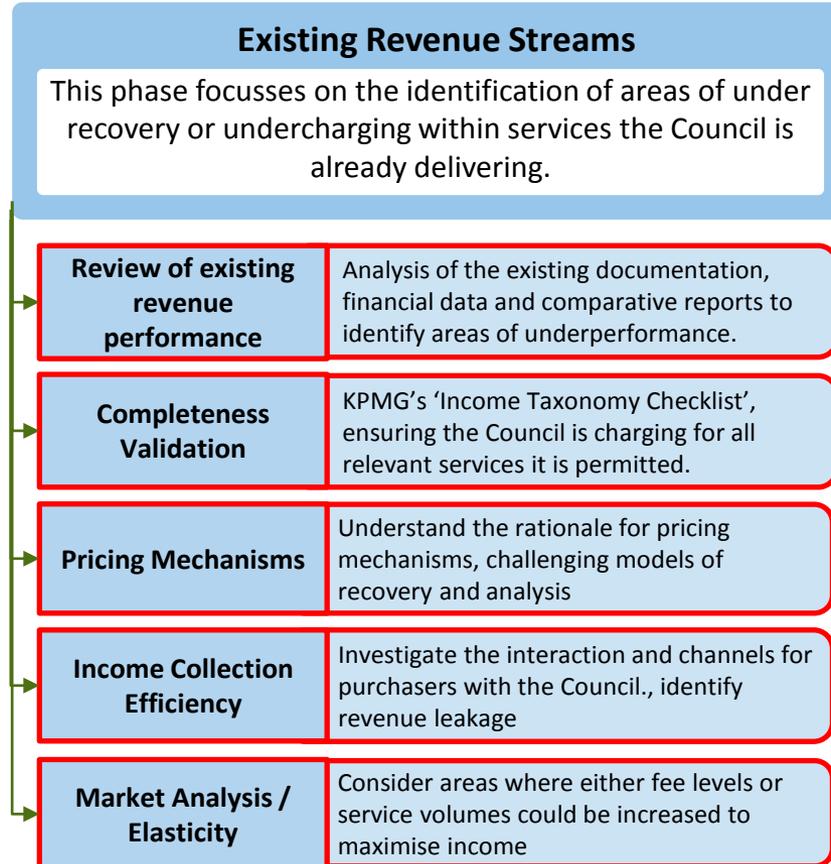
KPMG a focussed 4-week exercise - Phase 1

Phase 1 – Existing Income Review (Weeks 1-2)

This phase will focus on the identification of potential areas of under recovery or undercharging within services the Council is already delivering. The team will apply the following methodology for the Business Change, People, Place, Neighbourhoods and City Director directorates;



KPMG a focussed 4-week exercise - Phase 1



As well as review of information, KPMG are arranging structured interviews with Business Partners. Necessary input from Services will be arranged.



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A focussed 4-week exercise - Phase 2

Phase 2 – New Income Streams (Weeks 3-4)

- The second phase will progress the work and relationships developed to identify high-level opportunities for reviewing services or new market interventions, building on the principles of the Council's recently established Waste and Energy Companies.

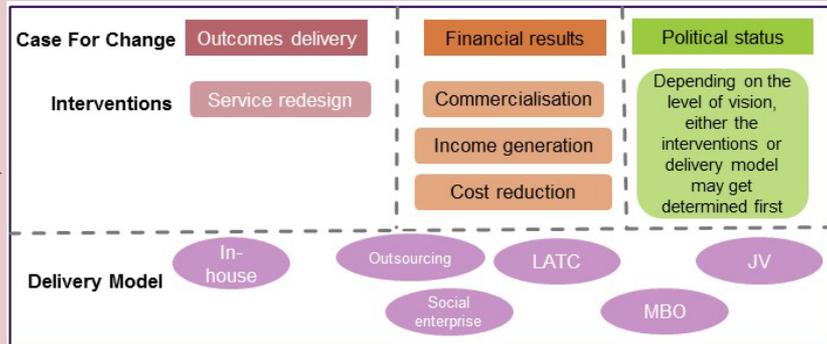


Proposals for new opportunities, will be considered in line with our key criteria

Phase 2: Identifying Future Income Streams

This phase will progress the work and relationships developed to identify high-level opportunities for developing trading services or new market interventions.

1. Assess case for change for existing revenue streams (identified in phase one)



2. KPMG to demonstrate innovative models in sector and apply principles of 'Supporting Business Models to Thrive' to identify the suitability and feasibility in the Bristol context



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