

Report to: CABINET

Date of Meeting: 4th JULY 2016

Report Title: INCOME GENERATION

Report By: Simon Hubbard
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Purpose of Report

1. To outline work on income generation and to identify potential timescales, benefits and risks.
2. To seek approval for the proposed next steps contained in the report.
3. To seek the commitment of future Invest to Save budgets to the income generation programme.

Recommendation(s)

1. That the programme for income generation is agreed together with the establishment of an Income Generation Board.
2. That the future Invest to Save budget is committed to this work and proposals for funding studies and the required staff support should be taken from this source.
3. The Local Government Association [LGA] is invited to review this programme and recommend any changes to it, and the support arrangements they consider appropriate that work to deliver additional income generation activity on the seafront is agreed.
4. A further update of the work of the Income Generation Board is considered in 6 months' time.

Reasons for Recommendations

Income generation work is now sufficiently developed to require decision making structures and staff support commensurate with its future significance in terms of finance and staff resources.

Introduction

- 1) With the Council facing continued financial pressure the Corporate Plan identifies the generation of income as a major priority. This presents us with an opportunity not only to consider new sustainable income might be developed, but how new and relevant services might be developed.
- 2) It will be crucial to develop a focused programme and explore a number of programmes without becoming involved in so many that the effort becomes diluted. However, over time the whole organisation will need to have considered how income might be increased. It is felt that the initial programme proposed in this report is ambitious. It will require time and space to be created for the learning needed, the engagement of those with business knowledge and the training and motivation of staff.
- 3) This report is focused on income generation as a priority though wider considerations of impact and risk will need to be considered within each of the work streams discussed below. There are two strong reasons for a focus on income:-
 - a. Firstly without income generation the Council will be faced with reducing services and will struggle to develop new ones. We need to become more sustainable.
 - b. By taking a more commercial approach the Council may generate new goods or services of benefit to residents or which boost the local economy.
- 4) The Council will be able to accomplish some income generation within its existing structures but other new ways of thinking and delivering will be required.
- 5) The following areas have been identified as initial priorities for consideration:-

Housing	The Council can consider developing housing for sale and/or rent or acquiring property for this purpose. There are particular opportunities identified where the Council owns land identified in Local Plan Allocations for housing development. There may be opportunities to address urgent housing need depending on the options adopted. There is considerable interest in this by Councils nationally both as a profitable enterprise but also to bring on much needed development. The Council has commissioned Savills (financial appraisal) and Trowers (legal) to help prepare a business case. The intention is that the findings will be presented to Members seminar in July with a view to seeking Cabinet approval on the way forward in September.
Property Investment	The Council already has a considerable property portfolio and the income stream associated with this

	was c£3.3m in 2015/16. Much of this income is from long established industrial and commercial units. It is appropriate to consider how this can be increased from new units and shops, the sale and development of land. Newer areas to consider include Property Investment Funds and investment in property outside Hastings.
Beach Huts, Chalets and Seafront Assets	The Council already earns income of £183k from assets like beach huts (before costs) and there are opportunities to both increase this income and improve the town's offer to visitors and residents. Examples from other seaside towns indicate that there is considerable scope and this aspect of income generation can be developed relatively quickly.
Income from Parks	Again this can be developed relatively quickly but is likely to yield relatively low amounts and require balancing with other users of Parks.
Energy	This is the most complex area and will require a combination of shorter term immediate action and the development of a longer term strategy. Many green energy schemes are controversial and may require consultation and debate. There are a number of national and local initiatives that might be fruitful to follow. There is the potential opportunity to use Council assets to produce low or non-carbon sourced energy and generates ongoing income for the Council.

- 6) The Council is already successful at generating income and recovering costs - amounting to some £12.1m in 2015/16. A step change is however now required in generating income if the Council is to avoid the full £3.5m of required savings falling on existing service provision.
- 7) The Council's main income streams being:-
- Property (factory and shop rentals/leases) – £3,600,000
 - Off street car parking (including Foreshore Trust owned car parks)- £ 2,113,000
 - Cemetery and Crematorium - £1,111,000
 - Development Control (Planning) Fees - £270,000
 - Land charges - £250,000
 - Housing Licences - £210,000
 - Green Waste - £248,000
 - Beach Huts - £184,000
 - Local Licence Fees – £168,000
 - Cliff Railways £358,000
- 8) The Council has historically been very successful in obtaining contributions from other bodies (Sport England, Arts Council, Coastal

Communities Fund etc.) as well as recycling grant and arts costs. It is estimated the value of this is c£15m. However, these sources cannot be considered sustainable and do not provide ongoing income generation. It will become more difficult to find “clean” sources of HBC expenditure to use as matched funding as the budgets of the Council reduce.

- 9) Whilst the Council will look to increase existing income streams, it will, wherever practical, also seek to reduce the costs of providing the respective services – thus increasing the net income for the Council.
- 10) The Council has recently improved its position through the acquisition of Aquila House and transfer of staff away from the Town Hall. Recent new income streams include:-
 - Income of £91k p.a. from the rental of offices at the Town Hall
 - Savings of £50k p.a. in costs on Aquila House
 - Income c£40k p.a. from shop units in Aquila House
 - Income of £27k p.a. from new office rentals in Aquila House

There is considerable potential for the creation of new income streams from the use of Aquila House and the development of packages to attract meetings and conferences.

Housing

- 11) Members are aware of the pressing housing problems faced in the Borough and nationally and these issues have been covered elsewhere. However, these conditions mean that it may be possible for the Council to both draw income streams from housing developments.
- 12) For the Council to invest directly in expanding the supply of good quality accommodation, be that for sale or at market or submarket rents, might extend the local housing on offer to many more households. It would also provide an opportunity to offer greater security of tenure for those whose aspiration is not to live in a socially rented home. Such an offer, whether it be purpose built accommodation or the refurbishment of existing housing, might also be vitally important in attracting employers and staff with the necessary skills to aid economic growth within town.
- 13) In seeking to address these demands there is the opportunity for the Council to develop homes for either sale or rent which could give the Council a favourable return on any investment.
- 14) The desire to drive forward regeneration in the town is of paramount concern and there are advantages that a housing company might realise. Housing building still

lags behind the projections set out in the Local Plan yet we know that there are a number of sites with planning permission for residential use that are not being built on at present. This can partly be explained by construction capacity, financial exposure, market conditions etc. We also know that developers will tend to develop out those sites that are most profitable first. Despite improvements in the market locally Hastings may still be less attractive in terms of profitability than other areas of East Sussex or the wider South East. This risks holding back the delivery of much needed homes, it also impacts upon the wider regeneration of the town and may stall other commercial redevelopment plans. The Housing Company could complement the Council's powers as a planning authority and enable mixed development on appropriate sites to come forward.

- 15) Market conditions are not as beneficial here as in other parts of the county or wider South East and the housing market still remains relatively weak in some parts of the town. Income projections will therefore need to be realistic and reflect specific site constraints and market conditions. What is appropriate on one site may not be so for another. However, a local housing company would possibly have several important advantages in bringing forward development. Firstly, it might borrow through the public works loan board on terms that are unlikely to be available to many private sector developers. Secondly, the Council, whilst still generating income, could also take a longer term view on the level of financial return than many investors would be prepared to consider. This might be particularly relevant where housing values at the lower end of the scale or where marginal land is being considered for redevelopment. The Council also has the option of developing land already within its ownership.
- 16) Undertaking housing development for sale on a commercial basis on appropriate sites could generate surpluses which typically can account for 15-20% of the gross development value (developer profit) and which could be realised by the Council or reinvested.
- 17) The potential for income generation might be applied to both housing for open market sale and rent. A local housing company may be able to use its capacity to borrow cheaply over an extended repayment period in order to build homes for market rent or at levels that are closer to those regarded as affordable rents, creating the potential to build genuinely sustainable and mixed-income developments on sites. A further advantage would be that a local housing company would be able to offer occupants far greater security of tenure than the typical 6 monthly private sector let.
- 18) Such a model might also be applied to both new housing or the regeneration of existing housing, in a way similar to that currently being undertaken in St Leonards through the Coastal Space programme, where the scale of the investment required to improve housing does not produce a substantial return in the short term and where a longer term investment commitment is necessary. However, the Council will need to balance its need for income against delayed income or higher risk projects.
- 19) Local housing companies can take several different forms, but all involve the establishment of one or more Special Purpose Vehicles [SPV]. Whilst they exist to facilitate investment and development of new housing that can meet locally

identified needs, they should not be viewed as a variation on or extension of traditional Council Housing.

- 20) The Local Government Act 2003 enables Local Authorities to establish Local Authority Trading Companies [LATCs] to trade. The General Power of Competence under The Localism Act 2011 as well as specific housing powers allows local authorities to expand their trading activities into areas not related to existing functions. If trading is to be done in the wider commercial market with a view to generating a profit (rather than just on a broad cost recovery basis) the Council must establish a company for the purposes. This can be a company limited by shares or guarantee or an industrial and provident society.
- 21) A recent survey, published in August 2015, indicated that more than 50 Councils in England have or are considering setting up their own housing companies. We are aware that within East Sussex several Local Authorities are considering setting up their own housing companies.
- 22) The most common approach is for the creation of a 100% council owned company, usually constituted as a company limited by shares with Council officers acting as directors and company secretaries. Purposes include the provision of new build private sale, mixed tenure and affordable homes as well as leasing of empty property etc.
- 23) Clearly where a wholly owned company (WOC) is used, the Council retains 100% control and returns but also carry 100% of any risk. It is possible however to minimise this risk by buying in the appropriate expertise, for example in respect of legal, financial and development expertise or housing management services. Housing Associations or other Councils can provide development or management capacity if considered necessary. There are other delivery options.
- 24) The Council has employed the services of specialist legal and financial consultants in this field (Trowers & Hamlin /Savills) to advise the Council on the range of issues connected with the establishment and funding of a company. The consultants are preparing a base legal and an assessment of financial and commercial aspects of the business case including:
 - The viability, affordability and deliverability of the proposals
 - The potential financial implications for the Council, including financial risks, their sensitivity to changes in key assumptions and risk mitigation options
 - Funding structures and options
 - Tax implication of the proposals
 - State Aid considerations

They will also provide advice on legal powers and constraints, necessary consents, tenancy options, state aid and procurement requirements.

- 25) The initial financial analysis of the local market and modelling of the development will be underpinned by feasibility assessments of potential projects/sites. This will take account of local housing market conditions; build costs, sales values, cash flow etc. and test viability.
- 26) The intention would be to complete this initial work and present findings to an all Member briefing in July or early August, with a view to Cabinet considering the establishment of a shell company at the September meeting.
- 27) Should the Council decide to proceed then it is anticipated that it would take at least 6 months beyond that decision to get to a point where a company is established and ready to move forward with a first purchase.

Property

- 28) A comprehensive report will be brought forward to Cabinet in the next 3 months which will focus on 4 areas of potential investment.
- 29) Property related initiatives and income generation opportunities
New revenue streams that are currently being explored which could assist the 2016/17 and 2017/18 budgets include:-
 - a) Aquila House temporary lettings of rooms/ Council chamber etc,
 - b) Bottle alley and Foreshore units,
- 30) Sale and development of existing assets
A number of projects are in the pipeline:
 - a) The West Marina development, whilst a cost neutral scheme in capital investment terms, has the potential to produce a significant income stream. Soft market testing is expected shortly.
 - b) The Council has agreed to purchase the lease of some units at Sidney Little Road to enable a larger scheme of new build to take place whilst at the same time as securing additional industrial unit rental income. The legal formalities are expected to be completed shortly and the development opportunities will then be reviewed.
 - c) The Council is involved in negotiations for the acquisition of a larger site within Hastings, and if agreement in principle can be reached this would need Cabinet consideration probably by early autumn.
 - d) The Council has a land and property disposal programme. In 2016/17 the Council should dispose of Summerfields and potentially the site known as Mayfield E (either for sale or development by HBC). (£1.1m estimated receipts in 2016/17). In 2017/18 there are a number of assets that may be at a stage where they can be sold or developed (£4.3m estimated receipts in 2017/18.
 - e) Other surplus assets and land e.g Cross Street toilets, will be disposed of if productive and viable alternatives cannot be found.

31) Acquisition of investment property

The Council has various options of investing in all sorts of property. None is without risk and there are examples of other local authorities doing so.

- a) In acquiring property there is stamp duty land tax to consider and thus the need to hold property generally for a longer period to recover the purchase cost and then make a return.
- b) The paper will cover some of the options that are not being covered within the housing paper, particularly in terms of industrial properties or shops.
- c) Whilst a steady income from rentals may be achieved, given cost of acquisition, repairs and refurbishment and rent free periods for new tenants, negative returns may result in the first couple of years. As such each purchase requires significant due diligence to be undertaken.
- d) The level of investment, timing of returns, and risks will be considered by the paper.

32) Property Investment Funds

- a) The Council can invest in a wide and diverse portfolio of property assets quickly and efficiently by means of existing property funds. A significant number of authorities are now doing so.
- b) The return is considerably higher than that achieved from investing cash, but does carry a much higher risk. Similar to purchasing investment properties the money invested decreases on purchase due to stamp duty land tax, and such investments are generally held for a minimum of 4 to 5 years to achieve an annual dividend currently some 4.7% per annum and capital growth.
- c) The paper will outline the approval process required, which would require amendments to be agreed by Full Council to the Investment Policy and Treasury Management Strategy. The revised policy could be agreed by the autumn, and each £1 million invested would potentially achieve, at present, an additional £40,000 p.a. of income for the Council.

Beach Huts, Chalets & Rental Sites

- 33) The improvement of the facilities on the seafront offer the potential to boost not only the Council's income but improve the facilities and attractiveness of the town to visitors and local people alike.
- 34) It is believed that it is possible to take rapid action to put in place improvements before next season.
- 35) The Council currently has:-
 - 216 Beach huts privately owned paying an annual licence fee
 - 115 Chalets let on an annual basis
 - 30 Chalets owned by the Foreshore Trust let on a weekly basis

- 30 Boat sites, being privately owned equipment paying an annual licence fee
- 36) Licence fees range between £340 - £510 depending on the exact location. There is currently a high demand for beach huts with front row huts attracting prices on the private market in excess of £25k.
 - 37) We have identified another 20 potential further sites that could be used for private beach hut sites. This may generate £7k - £9k annual income.
 - 38) However it is recommended that instead of releasing the new beach hut sites for private owners, HBC instead builds 20 new beach huts at a cost of approximately £50k (based on an individual cost of £2.5k for a standard 8' x 16' hut). It is anticipated that these could be let on an annual basis for a minimum of £1.5k each, with a payback on investment in under two years based on £30k additional minimum income. Thereafter this becomes additional income to the Council.
 - 39) Beach huts would be expected to last for a minimum of 10 years, and more likely 20+ years. They require relatively little maintenance and would be easily absorbed into our existing administration.
 - 40) The Council would benchmark comparable fees and advertise for new tenants for the beach huts alongside the procurement process to maximise early take up.

Chalet Sites

- 41) Hastings Borough Council also owns a total of 115 chalets that are let on an annual basis at West Marina and concrete chalets at Marina.
- 42) It is proposed to install a further 10 wooden chalets at West Marina at a cost of approximately £11,000 these would produce an annual income of £9820 and the investment would be paid back in just over a year.
- 43) Maintenance is minimal for these chalets and the costs could be contained within existing budgets as would the administration and management of them. We currently have 40+ people on the waiting list for these chalets.
- 44) Staff have also identified further potential sites for seasonal beach chalets on the beach directly east of Hastings Pier, where there were bathing stations and beach huts historically. With the recent opening of Hastings Pier, refurbished Source Park and further planned improvements at White Rock. It

is felt there would be strong demand for this type of facility close to the town centre.

Increasing Income

- 45) The licence fees for chalets and beach hut sites are reviewed each year, usually in October/November as part of the wider corporate reviews of charges. The increase for the past 5 years have been 2012 5%, 2013 & 2014 no increase (in view of transfer of responsibility for non-domestic rates to tenants) 2015 6% and 2016 1%.
- 46) In view of the continued strong demand for beach hut and chalet sites it is suggested that a minimum increase of 10% is considered for 2017. This would generate an additional income of approximately £18300 based on existing numbers of sites.
- 47) Other local authorities have set the rate of increase for the next three years or beyond e.g. 22.5% spread over three years (10%, 7.5% and 5%). A spreadsheet detailing a range of possible increases and the revenue benefit will be produced for the annual review of fees in October.
- 48) In the future it is possible for the Council to increase its earnings from the assigning or sub-letting of sites subject to further investigation:-
 - a. By insisting sales are to people on an HBC waiting list, offering both income and transparency and
 - OR
 - b. Making an administrative charge on sub-letting if our conditions were changed to allow this.

Proposals

- 49) It is proposed to move forwards with:-
 - i. Seeking investment of around £50k for 20 beach huts against an estimated annual income of £30k.
 - ii. Seeking investment of £11k for 10 chalets at West Marina producing c£10k per annum for the Hastings Foreshore Trust subject to Trustee's agreement.
 - iii. A study of the provision of glamping and overnight accommodation at an estimated cost of £10k.
 - iv. A review of licence fees as part of the next budget process – a 10% increase could yield £18k.

It is possible these steps (excluding glamping and increased control on the private letting of sites) could yield around £58k in surplus for the Council and Foreshore Trust.

- 50) Subject to approval it would be expected that the new chalets/huts could be in place for the beginning of next season. The exact locations would be identified, planning permission sought and procurement begun via the East Sussex Procurement Hub.

Parks and Gardens

- 51) The Council has done little to actively market its parks and gardens and there are real limits to how much assets can be used that are usually freely open to residents and the public. However, there are a number of well-known events like the Beer Festival, Hastings Proms and Hastings County Fair which point to how parks can provide a successful focus for community celebration. However, the income from the hire of parks for events is limited.
- 52) Given the relatively low level of income that is likely to be generated it is not proposed that resources are spent in a formal market assessment but that some action is taken in the following ways:-
- i. Set up of a GIS map of potential event sites including price and suitability.
 - ii. Approaches are made to trade organisations and potential high value bookings like regular markets.
 - iii. A target is set for 2017/18 to have created a minimum of 6 small events and 1 larger event on our green spaces together with seeking commercial involvement on regular events on the Stade Open Space.
- 53) If members are supportive of the principle it is proposed that the Marketing and Major Projects Manager and Environment and Natural Resources Manager draw up a scheme for the marketing of parks and spaces to be agreed with the Portfolio Holder. In the first instance officers estimate that c£15k per annum can be generated, but that this can only be achieved through the active promotion of our sites, followed by a review after a year of operation. The review should take into account community benefit or concerns as well as income generation.

Energy Markets

- 54) In the UK energy supply and generation are changing, in response to the energy trilemma of:
- a) Security and independence of energy supply
 - b) Affordability and Accessibility – including energy price and demand, protecting households from fuel poverty and enabling businesses to remain competitive
 - c) Decarbonisation of the national grid supply – changing from a carbon intensive/ fossil fuel dominated energy system towards a low carbon one.

- 55) Hastings B C is in a unique place to become actively involved in the solutions to the above energy trilemma. As stewards of place, we have a unique role in working with local partners and stakeholders on the planning and management of new municipal decentralised energy assets.
- 56) It is proposed to recognise the complexity and opportunity involved by taking a multi-faceted approach.
- i. Projects that will be initiated now.
 - ii. The development of a long term approach for income generation for energy. This should form a key part of an Energy Strategy.
- 57) The Council already benefits from a royalty from BIFFA who pay for the rights to collect methane gas and use it to generate electricity for the national grid. The royalty is paid on the basis of the electricity sold with HBC receiving 30% of the income (ESCC retaining the rest).

Proposed first steps:

- 58) Officers will investigate the potential of Aquila House to both find savings and generate income. In particular the Council should examine the possibility of putting a Photo Voltaic [PV] array on the building to offset energy costs and supply excess to the Grid.
- 59) Investigate the possibility (in conjunction with ESCC) to investigate how the site, as it settles, could be used for other forms of energy production. The lease arrangement allows for this to happen in partnership through ESCC and BIFFA.
- 60) These projects are both potentially significant but the most significant gains come through the development of a strategy:-
- i. Identifying the potential of all Council owned property for renewable or low carbon energy production, including our business parks and commercial sites.
 - ii. The development of business cases and prospects where this is appropriate.
 - iii. The funding routes that might support the development of a long term approach to the utilisation of our stock in renewable or low carbon energy generation.

Although there may be some uncertainty at this point it is presumed that currently approved European programmes will continue.

- 61) However, there are more strategic opportunities that exist which require further investigation:-
- i. Developing power purchase agreements, possibly in conjunction with the other local authorities to become “traders” in power.

- ii. Investigating new methods of financing energy projects like Green Bonds.
- 62) This report is not intended to address the issues of long term energy strategy by the Council but it is clear that outside the extensive and practical task of looking at the use of our assets there is an urgent requirement to set this work in the context of Renewable Energy Strategy developed in partnership with others.
- 63) It is suggested this work is divided into 3 discreet parts:-
- a) The assessment of the potential for Aquila House by the end of 2016 delivered through Corporate Services staff examining how savings and income can be generated from the newly acquired building. If appropriate a business case for investment will be brought forward.
 - b) Commencing discussion with BIFFA and ESCC in relation to Pebsham Waste Site.
 - c) The commissioning of a three part study to be completed by the end of 2016:-
 - i. Assessing the viability of green energy generation utilising the Council's assets identifying those where the development of full business cases for investment would be appropriate.
 - ii. Identifying the longer term and strategic opportunities for the Council's involvement and the creation of a Sustainable Energy Strategy to sit in the context of national and regional opportunities for co-operation.
 - iii. Identifying how energy related income might be built into future initiatives like that of the development at White Rock or the future housing activities of the Council – for example potential District Heating schemes.

This work to be led through the Sustainability Policy Officer.

Generating further new income potential

- 64) Income generation must be central to the Council's existence moving forward. This is a long term change of approach rather than a temporary response. Some ideas are already in germination which indicate the potential for further innovation.
- i. The potential to work with software suppliers to market products developed here with other local authorities once our internal transformation programme is completed, if market testing indicated this is potentially attractive and should be investigated.
 - ii. The Leisure Team has identified the potential to generate further income from advertising in its programmes and to pursue sponsorship for its larger community events.
 - iii. The Council should investigate if there are gains to bringing services back in house when contracts expire and if there is potential to market these services to others.

It will be necessary to test all areas of the Council's activity going forward for potential for increasing income and it is believed this should be built into regular discussion at team meetings, performance review processes by encouraging staff and members to identify new ideas.

Resourcing

- 65) When considering issues like housing, energy, parks and commercial buildings there are two key challenges:-
- i. Retaining a focus on income generation in the face of other social or economic objectives inside individual thematic areas.
 - ii. Managing the whole process in terms of the Council's investment and the balance between risk and the urgent need for additional income.
- 66) For the type of investment required to deliver action across fields this wide will require a fully corporate rather than project based approach. It will require (at the appropriate point) consideration of the Council's borrowing limits and a rigorous approach to the approval of projects business plans.
- 67) It is likely that the Council will need to consider new vehicles such as Council owned companies either itself or in partnership with other authorities.
- 68) Both additional officer support and governance structures will be required to have an overview sufficient to address the potential and the risks.
- 69) It is proposed that three actions are taken:-
- i. The establishment of an Income Generation Board [IGB] which will consider both the overall programme, establish an action plan and make the recommendation to Cabinet regarding the approval of projects. It is proposed that this group is small and consists of the Council Leader, Chair of the Audit Committee, Section 151 Officer and the Strategic Director. A full brief for the group's work will be produced.
 - ii. That the officer input takes the form of the sponsor being the Director of Operational Services with a project manager being based in Finance. It is not thought sufficient resources currently exist within Finance, particularly while this programme is in gestation. Additionally, Legal Services are likely to take on a considerable workload from the development of this programme. The Invest to Save budget should be used to employ support staff to facilitate the programme through the employment of a part time officer or contractor to manage the programme and additional legal costs. The final arrangements for the deployment of these resources to be agreed between the Director of Operational Services, Section 151 Officer and the Leader of the Council.

- iii. That where and if appropriate the importance of this programme is recognised by the adjustment of officer work programmes and targets. The full implications of this programme will depend upon its potential and complexity and may require refocusing of officer time moving forward.

Implications

- 70) Anti-poverty: Members will need to consider at the appropriate point in project development if action is required to ensure income generation does not risk worsening poverty. However, this is for consideration as proposed actions are developed and there may be scope to include anti-poverty elements around energy, skills, etc., into programmes without generating funding the Council will not be able to sustain services to often hard pressed community.
- 71) Financial Implications: The need for investment to launch this work is identified. The need to address financial risk is also identified in the report.
- 72) Risk Management: (i) Implications are identified and specific structures for control are contained in the report. (ii) However, the LGA have offered to assist the development of this programme subject to us applying for support through their Productivity Expert Programme. It is intended to ask them to advise the Income Generation Group on the programme, its management and if there are other elements that should be addressed. It is anticipated this will both assist risk mitigation but also in identifying best practice elsewhere.
- 73) Organisational Implications (OD) issues: Workforce and organisational development is focused on service redesign, learning intervention and process improvement. This involves examining the way we work with a focus on the efficient and flexible use of resources.

An entrepreneurial approach means doing things differently. Income generation projects require a strong partnership between HR and all parts of the business.

This means there will be a degree of risk especially for initiatives not previously tried or tested to minimise the risk managers are expected to produce a business case for each initiative/project that provides evidence of analysis of the market as well as financial assessment. Managers have been supported in the development of their skills through 1-1 training in the usage of corporate project management templates.

The challenge for 2016-2018 is to upskill leaders, managers and other key staff and develop their commercial and entrepreneurial skills using a matrix management approach and utilising project and programme manager skills to work across services.

To address this training need we have identified a number of training interventions which have been incorporated into our training programme. These are:

- New management development programme (level 3 and level 5)
- Setting up a trading Company – practical steps
- Contract Management workshops
- Preparing tender documents workshops
- Resilience training
- Customer Care Training
- Performance management and remote workers.
- Project Management
- Political awareness
- Commercial skills for all staff

The service workforce planning review has also highlighted training to support our succession planning programme to ensure we have the right people, with the right skills to deliver within our changing environment and new ways of operating.

- 74) Other implications: Other implications may arise in the development and delivery of this programme.

Conclusion

- 75) This report outlines the proposed actions in respect of income generation and seeks approval for:
- i. The first project delivering new beach income, subject to a business case.
 - ii. Identifies the timescales for the development of the major strands being developed.
 - iii. Identifies the internal management structures and resources that will enable the management and oversight of the programme.
- 76) The Council should embrace the need to develop far more of a commercial approach to its work. It is as much a part of transformation as the changes to customer service and developing electronic systems we are undertaking. Much of this work also raises the possibility of providing new services that may well provide to be exciting and beneficial in themselves. Indeed, new interventions in areas like housing and energy are essential to maintain relevance to current issues and the changes taking place in the lives of residents. The Council of 5 years' time will have to be very different from the model today. This will mean changes to staff roles and priorities over time as energies are rightly absorbed into new ways of working.

Wards Affected

All Wards

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	Yes
Local People's Views	No
Anti-Poverty	Yes

Additional Information

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