

# Finance and Resources Committee

10.00am, Thursday, 5 March 2020

## Revenue Maximisation Project Update

Executive/routine	Executive
Wards	All
Council Commitments	

### 1. Recommendations

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- 1.1 The Committee is recommended to note the update on the Revenue Maximisation project work in readiness for the 2020/21 financial year and to delegate authority to the Executive Director of Resources, in consultation with the Convenor and Vice-Convenor of Finance and Resources, to appoint an appropriate partner.

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Executive Director of Resources

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## Revenue Maximisation Project Update Report

### 2. Executive Summary

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- 2.1 This report provides the Committee with an update on the Revenue Maximisation project work that has been undertaken since last reported to Committee in 2019.

### 3. Background

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- 3.1 The Council, like other local authorities, has been exploring how additional income might be secured, to assist in offsetting current and future financial pressures.
- 3.2 In 2019 EY were engaged to assist with this and undertook some focused diagnostic work. This work resulted in a report to the Finance and Resources Committee on [10 October 2019](#). The Committee: (i) endorsed the principle that the Council should actively consider opportunities to maximise existing revenue streams and seek to generate new revenue streams to support the sustainability of the Council's budget and core services, (ii) endorsed the alignment of any further activities in this area with the development of the Council's Change Strategy and Budget setting for 2020/21, including active consideration of any capacity investment needed to support this work being progressed, and (iii) agreed that the Executive Director of Resources would provide an update report to the Committee in March 2020.
- 3.3 The action note from the October Committee noted that the update report in March would consider points made by Councillor Neil Ross, namely that (i) there be an assessment made on any proposals regarding impact on the local community, (ii) there should be full cost recovery in the long term for asset use, (iii) going beyond Council competency should be avoided, (iv) the Council should not be in competition with the private sector and (v) it should be ensured that World Heritage status is not damaged.
- 3.4 Within the Council's Budget for 2020-21 and in each of the following two financial years, there is an income generation target across the Council of £0.5m.

- 3.5 The work undertaken by EY has identified a number of potential income opportunities, drawn from right across the Council. However, these options need much more detailed analysis, including to (i) better assess potential income levels, (ii) remove options that are not practicable and (iii) assess possible implementation costs.

## 4. Main report

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- 4.1 Commercial and Procurement Services (CPS) have assessed how best to secure a partner to take forward this work with the Council and, at the same time, ensuring compliance with the relevant regulations and the Council's own internal governance framework.
- 4.3 It is the recommendation of CPS that a mini competition is undertaken, and a preferred partner be selected from the [ESPO Consultancy Framework](#). It has been assessed that there are suppliers available on this framework that should have the skills and experience the Council requires. In addition, and while there is the ability to undertake a direct award, a mini-competition will ensure competitive tension and enable the Council to further demonstrate that such a selection secures Best Value.
- 4.4 It is proposed that the general scope of the service required by the Council would be as follows:
- Develop and implement, and also project manage the delivery of, a Revenue Maximisation Project across the Council, with a structured programme that builds upon the work undertaken to date and the list of potential income options it identified;
  - Financial success for the Project is the delivery of new general revenue budget income, of at least £0.5m in each of the next three financial years, commencing in 2020/21, i.e. such income having a cumulative value of at least £1.5m over the next three financial years, which income will be net of implementation and delivery costs, and be recurring in future FYs.
  - Non-Financial success for the Project is (i) an increase in the number of officers who have the necessary skills to take such work forward, (ii) a change in the culture of the Council to one that considers it "business as usual" to actively explore and assess such revenue generation opportunities and (iii) a programme that will enable delivery of additional new revenue budget income even once the partner's contract has expired;
  - The Edinburgh Integration Joint Board / Health and Social Care Partnership is excluded from the scope of the Project, as is potential additional income from (i) Council Tax, (ii) the Transient Visitor Levy, (iii) the Workforce Parking Levy, (iv) the Council's standard annual increases in fees and charges and (v) any other new general revenue budget income proposals that are already being worked on and budgeted for;

- The appointment will be for 1 year, with an option for the Council to extend it for up to 2 further years, i.e. up to 3 years in total; and
- The partner will be expected to have a suitable number of dedicated people embedded in Council offices.

4.5 It is proposed that some of the general commercial terms of the service could be as follows:

- The partner would be paid on a gainshare basis, i.e. paid in arrears on the basis of new general revenue budget income, net of costs, which is invoiced by the Council in each FY (here referred to as “Net Income”), with the mini-competition enabling potentially interested partners to submit their most competitive bid;
- The Council would agree to paying gainshare from year 1 of the contract, and for up to the earlier of (i) 2 years after the contract has ended and (ii) 3 years after the proposal in question was implemented, with gainshare being no more than 10% of the Net Income;
- The Council would have absolute discretion over whether or not to approve any income generation proposal for implementation;
- The Council shall retain ownership of all intellectual property rights associated with the Project; and

4.6 In order for this to be taken forward, the Chief Procurement Officer will act as the programme manager for the Council, with the Executive Director of Resources as Senior Responsible Officer. Consideration will also be given to the need for any additional internal project management support, to help drive this forward.

4.7 The points previously raised by Councillor Ross, as referred to at paragraph 3.3 of the report, would form part of the specification for the services to be provided by the partner.

## **5. Next Steps**

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5.1 Subject to the endorsement of the Committee the next steps would be that the mini-competition will be progressed and a preferred partner identified.

## **6. Financial impact**

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6.1 The financial impact of the report to date has been the cost involved in the secondment of the external and dedicated expertise from EY to undertake the detailed phase diagnostic work, alongside the Chief Procurement Officer and Finance staff. Future costs, subject to an award being made, will be required to be discussed by the Executive Director of Resources and the Head of Finance in respect of this being funding corporately or from the Resources Directorate budget initially.

## **7. Stakeholder/Community Impact**

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7.1 Not applicable at this stage.

## **8. Background reading/external references**

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8.1 Not applicable.

## **9. Appendices**

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9.1 None.