

Decision Equipped.

proving



Future Highways
Research Club

What opportunities do local authorities have to profit from Commercialisation?

Learning & Observations from the Highways Sector

Agenda

- **Introduction to Proving Services Ltd**
- **The Future Highways Research Group – Strategic Programme**
- **Commercialisation & Income Generation – Learning & Observations**

Background to Proving

- Formed by two directors from Cranfield University School of Management in 2003, joined in 2017 by the Commercial Director of CIPFA.
- Developers of sector-leading, research-based tools and processes for the evaluation of *strategic options, innovations and business changes, value for money and value chain relationships*.
- With research programmes, processes and tools endorsed by CIPFA, Highways Magazine, ADEPT and the HTMA and widely adopted by organisations within both the private and public sectors.
- Our business ethos is to support our research colleagues and partners in developing their internal capabilities and competencies. This is achieved through a Capability Transfer Programme; embedding our tools and processes together with the essential skills and knowledge.

The Future Highways Research Club (2016)

Participatory, Action-Based Research

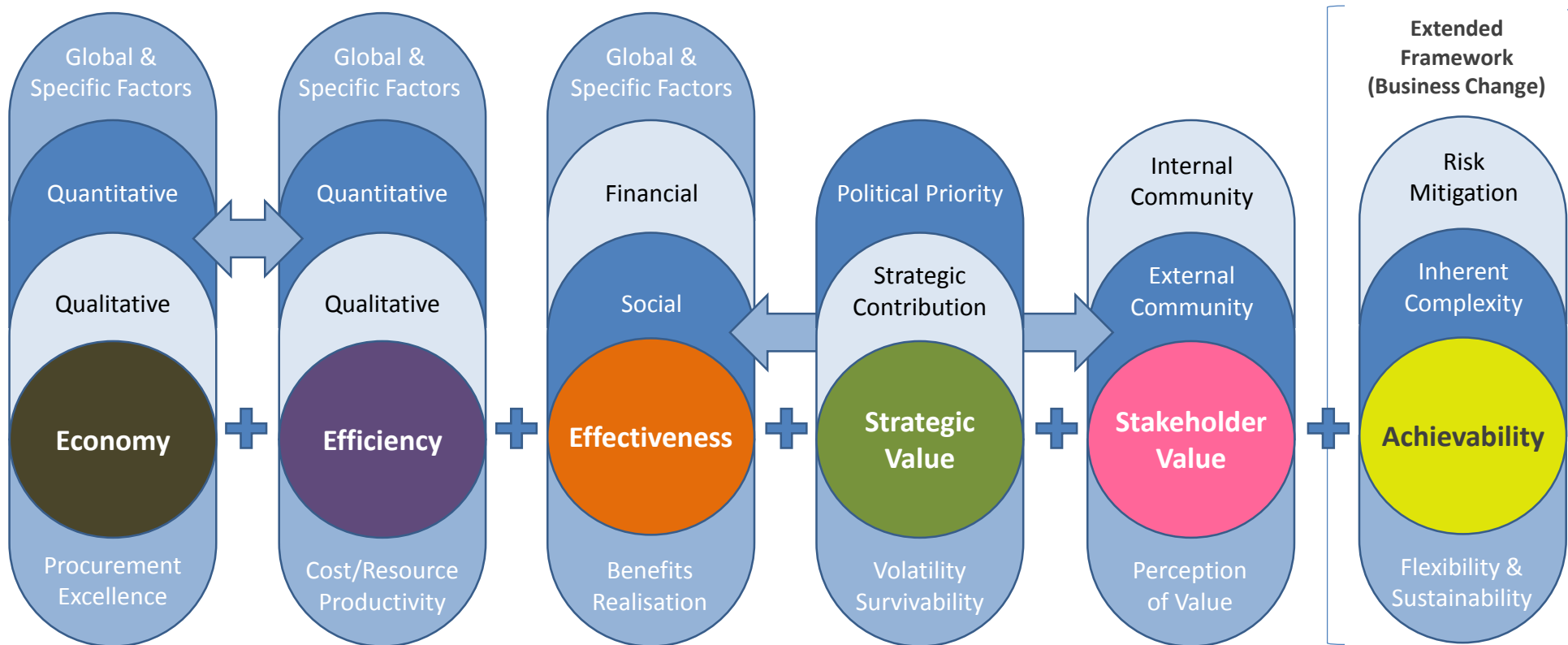
- **Identify, develop and assess innovations with the potential to transform the sector.**
 - Applying academic research frameworks and methods.
- **Provide a forum for sector thought leaders.**
 - Share knowledge and experiences.
- **Develop and pioneer transferrable methods, structures, tools and processes.**
 - As proven approaches; defining best practice.
- **Engage with new sector entrants.**
 - Including: energy generation, electric vehicle and served communities as delivery partners.
- **Develop meaningful benchmarking frameworks based on Value for Money (VfM).**
- **Attract funding for new concepts development and piloting.**
 - Bidding for innovation funding.
- **Publish our findings; ensuring members are recognised as sector innovators.**

Current FHRC Membership

- Milton Keynes Council
- Suffolk County Council
- LB Barnet
- Derby City
- Derbyshire County Council
- Lincolnshire County Council
- Staffordshire County Council
- Somerset County Council
- Kirklees Council
- Northumberland County Council
- Oxfordshire County Council
- Buckinghamshire County Council
- Solihull Metropolitan Borough Council
- West Sussex County Council
- Essex County Council
- Surrey County Council
- North Yorkshire County Council
- Knowsley Council
- **ADEPT**
- **Highways Magazine**

Value for Money Analysis

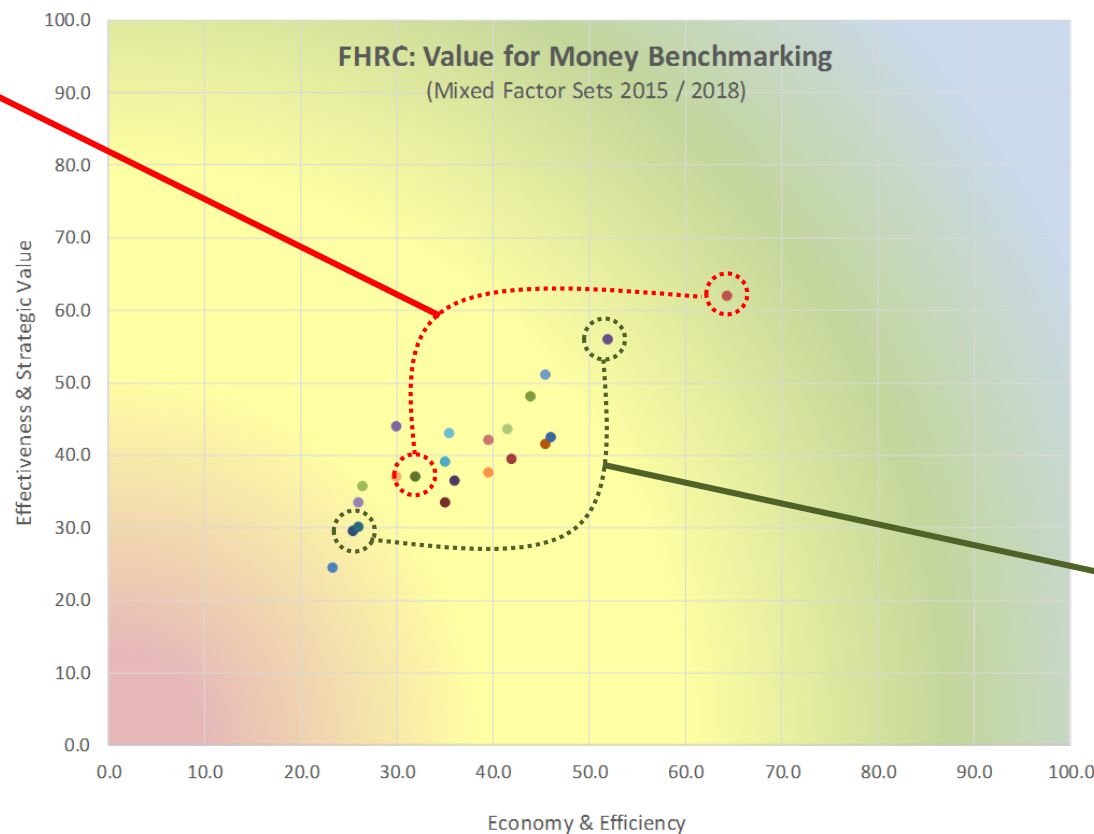
Identifying & Proving “Best Value” Services



Research Programme (CVRC, 2011) ©Proving, Farquharson & Wilson 2011

Change Potential: Strategic Programmes

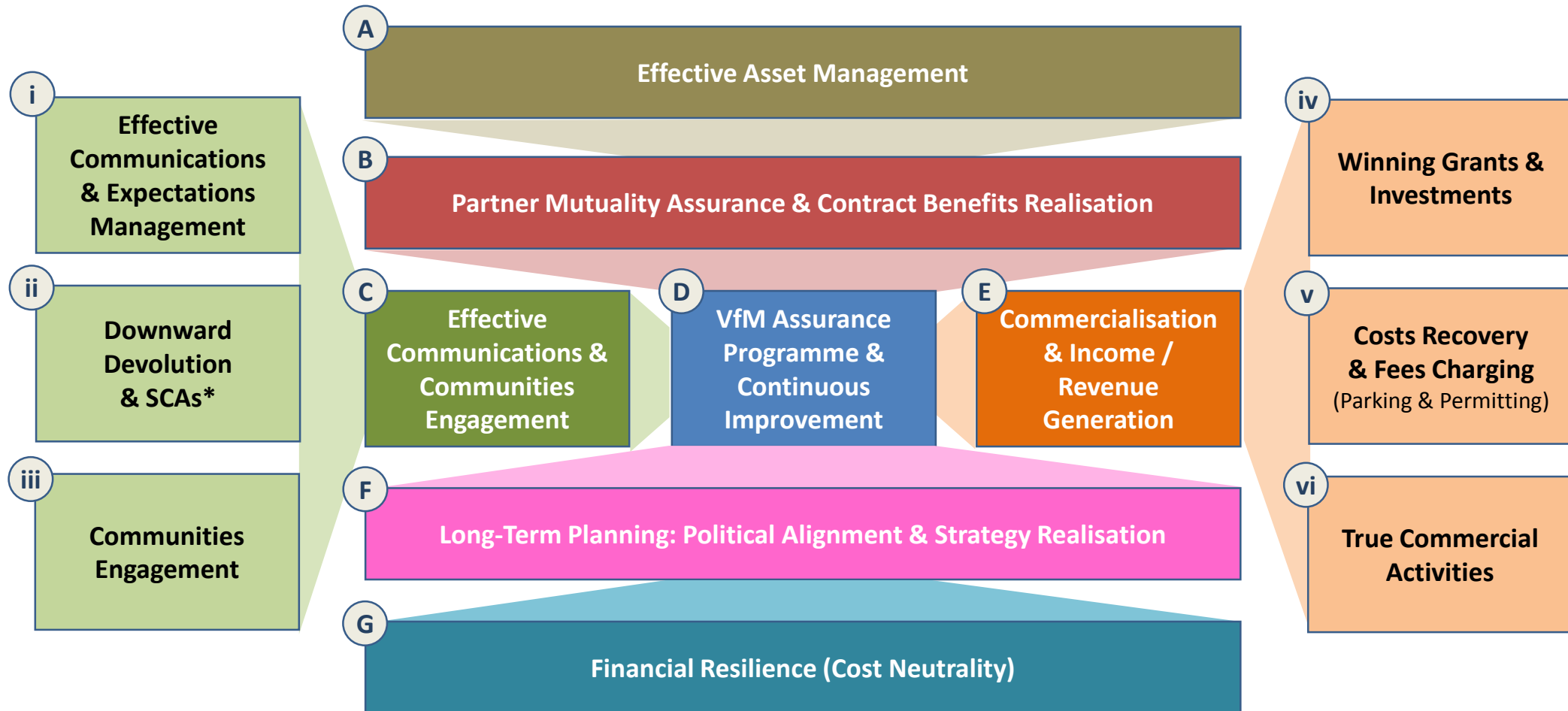
Lincolnshire Highways:
Strategic
Improvements



Suffolk Highways:
Strategic
Improvements

- Authority #1 ● Authority #2 ● Authority #3 ● Authority #4 ● Authority #5 ● Authority #6 ● Authority #7 ● Authority #8
- Authority #9 ● Authority #10 ● Authority #11 ● Authority #12 ● Authority #13 ● Authority #14 ● Authority #15 ● Authority #16
- Authority #17 ● Authority #18 ● Authority #19 ● Authority #20 ● Authority #21 ● Authority #22

FHRC Strategic Programme



*Services Commissioning Agreements

Commercialisation Portfolio Development

Identifying & Testing Commercialisation & Revenue Generation Options

Commercialisation Options

Cashable Benefits Analysis

ID	Option	Option Cost	Annual Cost	Annual Revenue	Annual Profit	Break Even	In Portfolio	Lead Authority	Authority Readiness Level	Sector Readiness Level	Technology
6	Road Maintenance & Winter Services on Public Sector & Regulated Services Estates	£ 93,775	£ 126,000	£ 200,000	£ 74,000	1.3 Years	Yes	Suffolk	Identification [0]	Some Cases / Mixed Results [2]	Not App
11	Selling Services to Other Authorities (Build Portfolio for Lab Services)	£ 61,074	£ 102,000	£ 150,000	£ 48,000	1.3 Years	Yes	Lincolnshire	Evaluation [1]	Many Cases / Mixed Results [3]	Not App
27	Downward Devolution (Agency Agreements & DTP Engagement)	£ 62,601	£ 39,900	£ 105,000	£ 65,100	1.0 Years	Yes	Dorset	Evaluation [1]	Some Cases / Mixed Results [2]	Not App
1	Bio-Mass Collection & Resale	£ 63,691	£ 88,500	£ 150,000	£ 61,500	1.0 Years	Yes	Lincolnshire	Evaluation [1]	Limited Cases / Data [1]	Technology D
5	Road Maintenance & Winter Services on Private Roads & Commercial Estates	£ 48,117	£ 100,500	£ 150,000	£ 49,500	1.0 Years		Suffolk	Identification [0]	Some Cases / Mixed Results [2]	Not App
16	EVI (Concession)	£ 59,115	£ 2,484,000	£ 5,400,000	£ 2,916,000	0.0 Years	Yes	Proving	Identification [0]	No Case Studies [0]	Available - New
7	Using Highways Estates for Energy Generation	£ 48,309	£ 106,000	£ 200,000	£ 94,000	0.5 Years		Lincolnshire	Identification [0]	Limited Cases / Data [1]	Available
9	5G Mobile Lamp Mast Repeaters (Concessions)	£ 56,927	£ 1,120,000	£ 3,200,000	£ 2,080,000	0.0 Years	Yes	Proving	Identification [0]	No Case Studies [0]	Available - New
2	Commuted Sum	£ 88,904	£ 192,800	£ 482,000	£ 289,200	0.3 Years	Yes	Lincolnshire	Decision [2]	Some Cases / Good Results [3]	Not App
10	Lighting Infrastructure as Platform (Social Benefits)	£ 74,848	£ 57,000	£ 100,000	£ 43,000	1.7 Years		Buckinghamshire	Identification [0]	Limited Cases / Data [1]	Pilot Sc
15	EVI (Granular)	£ 31,701	£ 603,000	£ 900,000	£ 297,000	0.1 Years		Barnet	Identification [0]		
8	Commercialising S278 S37/38 S184 Services	£ 50,695	£ 151,800	£ 220,000	£ 68,200	0.7 Years	Yes	Oxfordshire	Action [4]		
13	Battery Banks (Cost Offset)	£ 68,047	£ 20,250	£ 45,000	£ 24,750	2.7 Years		Unallocated	Identification [0]		
14	Renewable Powered Fleet	£ 32,588	£ 20,280	£ 26,000	£ 5,720	5.7 Years		Milton Keynes	Identification [0]		
3	Asset Sponsorship & Street-Side Advertising	£ 47,858	£ 280,000	£ 800,000	£ 520,000	0.1 Years	Yes	Barnet	Identification [0]		
22	Skips Permits	£ 67,183	£ 36,000	£ 50,000	£ 14,000	4.8 Years	Yes	West Sussex	Action [4]		
17	Demand Responsive Transport Services	£ 89,563	£ 319,800	£ 410,000	£ 90,200	1.0 Years		Milton Keynes	Action [4]		
18	Classroom Virtualisation (Home To School Transport Cost-Offset)	£ 42,054	£ 303,600	£ 660,000	£ 356,400	0.1 Years		Lincolnshire	Identification [0]	Limited Cases / Data [1]	Available - New
19	In-Home / Vulnerable People Virtual Care / Oversight Arrangements	£ 40,840	£ 69,300	£ 90,000	£ 20,700	2.0 Years		Lincolnshire	Identification [0]	Limited Cases / Data [1]	Available - New
20	Driverless Public Transport Services	£ 59,909	£ 495,000	£ 1,100,000	£ 605,000	0.1 Years		Solihull	Identification [0]	Limited Cases / Data [1]	Pilot Sc
21	Kerb / Footway Crossover Fees / Fines	£ 93,285	£ 70,000	£ 200,000	£ 130,000	0.7 Years	Yes	Unallocated	Action [4]		
12	Recycling of Aggregates	£ 102,297	£ 69,600	£ 120,000	£ 50,400	2.0 Years	Yes	Somerset	Evaluation [1]		
23	Extending On-Street Parking Fees / Permits	£ 86,851	£ 400,000	£ 1,250,000	£ 850,000	0.1 Years		Unallocated	Evaluation [1]		
24	Car Club Permits / Dockless Bikes	£ 76,985	£ 52,000	£ 100,000	£ 48,000	1.6 Years		Unallocated	Identification [0]		
25	Selling Concessions to Traders (Laybys, Car Parks, Park-and-Rides and Estates)	£ 109,211	£ 96,000	£ 200,000	£ 104,000	1.1 Years	Yes	Derbyshire	Action [4]		
26	On-Street License (for Cafés and Street Traders)	£ 112,784	£ 114,000	£ 200,000	£ 86,000	1.3 Years	Yes	Derbyshire	Action [4]		
4	Bus Stop & Bus-Side Advertising	£ 79,602	£ 192,000	£ 300,000	£ 108,000	0.7 Years	Yes	Barnet	Identification [0]	Many Cases / Good Results [4]	Available
28	Crowd-Funded Schemes	£ 36,302	£ 92,750	£ 175,000	£ 82,250	0.4 Years		West Sussex	Evaluation [1]	Some Cases / Mixed Results [2]	Pilot Sc

Total Annual Portfolio Value	£ 16,983,000
Total Cost	£ 1,885,149
Number of Portfolio Initiatives	28
Average Break Even	1.195793498

Readiness Assessment

Achievability Assessment

Costs Analysis

New Technologies (Income Opportunities)

- **5G / Electrical Vehicle / Driverless Technologies**

- Potentially significant changes to how services will be delivered.
- Uncertainty as to how exactly the market will develop.
- Private Sector 'appear' willing to pay for access and the ability to explore the opportunities as they arise.
- LA's have to be better prepared for the discussions.
 - Document their assets.
 - Understand the strategic and operational opportunities.
 - Agree policy and permissions.
 - Balance (potentially significant) income with future service agility & responsiveness and end-customer choice.
 - Work together (both internally across the authority, with delivery partners & externally with other authorities).
 - Create a prospectus and take the initiative.
 - Ensure access to the necessary skills & resources
 - Contracting & negotiation.

Fees & Charges

- **Main opportunities lie within the Private Sector rather than charging the General Public.**
 - Willingness to pay for an efficient & timely service.
 - Successful LA's offer menu pricing, whilst maintaining a minimum standard.
 - Explore the definition of a 'reasonable charge' .
 - Often a poor understanding of the 'full cost' of delivering a service.
 - Some authorities are more bold than others.
 - Commuted Sums.
 - Variability between authority as to approach and sums received.
- **Inadequate Enforcement**
 - Insufficient Resources.

Selling Services

- **Service offering – What is the USP?**
 - The desire to sell doesn't mean there is the demand to buy.
- **Typically, very little spare capacity to sell additional services.**
 - Delivery partners may provide additional resource and capability.
- **Trading Companies / Joint Ventures**
 - Costly to set up and operate.
 - Income levels often fall well below expectations.
 - Inadequate commercial and contracting skills.
 - Differing attitudes to risk between partners.