



Policy, Finance and Development Committee	Tuesday, 28 June 2022	Matter for Information and Decision
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Report Title: **Maximising the Council's Income (June 2022)**

Report Author(s): **Tracy Bingham (Strategic Director / Section 151 Officer)**

Purpose of Report:	To consult members on proposed principles for adoption as part of a new Corporate Charging Policy for the Council and provide members with an update in respect of progress against new areas of income generation that were previously presented to the Committee in November 2021.
Report Summary:	<p>The Council collects £1.5m in local sales, fees and charges. As identified by the Local Government Association, the level of locally generated income is lower when compared to peers. In addition, the Council does not have a policy to guide the setting of levels of sales, fees and charges, or indeed the charging strategy which should determine the basis of such levels.</p> <p>This report seeks to consult members on a proposed new approach to determining the levels of sales, fees and charges levied for services (where the Council is able to act autonomously) that will form part of a new policy.</p> <p>In addition, this report also updates members in respect of the progress made against assessing new areas of income generation and sets out the next steps to be taken in bringing these forward.</p>
Recommendation(s):	<p>A. That the content of the report be noted; and</p> <p>B. That feedback on the proposed principles for the new Corporate Charging Policy is provided.</p>
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Tracy Bingham (Strategic Director / Section 151 Officer) (0116) 257 2690 tracy.bingham@oadby-wigston.gov.uk</p> <p>Comie Campbell (Head of Finance / Deputy Section 151 Officer) (0116) 257 2713 comie.campbell@oadby-wigston.gov.uk</p> <p>Rashpal Sohal (Finance Team Manager) (0116) 2572 705 rashpal.sohal@oadby-wigston.gov.uk</p> <p>Jon Wells (Senior Strategic Development Manager) (0116) 257 2692 jon.wells@oadby-wigston.gov.uk</p>
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	Accountability (V1) Respect (V2)

	Teamwork (V3) Innovation (V4) Customer Focus (V5)
Report Implications:-	
Legal:	There are no implications directly arising from this report.
Financial:	The implications are as set out at paragraph 5 of this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	Exempt report entitled 'Draft Budget Initiatives 2022/23' to the Policy, Finance and Development Committee on 16 November 2021
Appendices:	None.

1. Background

- 1.1. At its meeting in March 2022, members of the Committee requested the Strategic Director and Section 151 Officer present an update report on the progress of the new income generating opportunities that officers have been pursuing since they were presented to it in November 2021. As part of this, the Strategic Director and Section 151 Officer committed to also consult members on a proposed new Corporate Charging Policy which would define a new approach to the setting of fees and charges and look to enhance locally generated income levels.

2. Local Income Generation – The Current Situation

- 2.1 Currently, the Council generates over £1.5m (2020/21) in local income in return for providing a wide range of services to local residents, businesses and visitors. Local income generation, when done in the right way, presents the Council with an opportunity to maximise its financial position and, in the case of the General Fund, an opportunity to reduce its reliance on government grant. In addition, charging for services can also present opportunities to achieve the Council's corporate priorities, for example by encouraging or discouraging the use of a service or to alter the behaviour patterns of residents or businesses.

- 2.2 The current Fees and Charges to Service Expenditure ratio (a widely used ratio in the sector that measures locally generated income against council spending) for the Council is 13.47% (2020/21). This is at the lower end when compared to peers.
- 2.3 Currently, there is no member-approved policy for the setting of fees and charges and the onus to set appropriate charges is with service areas. As such, this leaves the Council at risk of placing reliance on annual inflationary increases. Whilst this approach steadily increases charges alongside the level of national inflation, it could be perceived as restrictive because it has the potential to discourage service areas from analysing the net financial position of income streams. This in turn, could mean that there is a risk that costs are not recovered in full if the costs of providing a service have increased over time above the annual percentage announced.
- 2.4 One of the main fundamental objectives in determining a new policy for the Council is to determine that service areas are better placed to recommend annual charges in line with the nature of their service, the impact to customers and the fulfilment of corporate priorities against the preferred charging strategy of the council. Clearly, it is vital that work to review and indeed vary any fees and charges is done in partnership with the Finance team who will provide ongoing data and analytical support to service areas. This will include, in time, the development of a new approach that will accurately determine the net financial position of an income stream.

3. New Corporate Charging Policy – Principles For Consultation

- 3.1 Income should be raised through charges where there is a power or duty to do so. It is proposed that the Council's preferred charging strategy is to generate a surplus where it can do so, or where this is not possible, seek to recover costs. In each case, it is critical that the impact to customers is fully assessed and considered. Clearly for a public sector organisation, there are always circumstances where it is appropriate to subsidise charges. The Council will need to always work within and balance priorities around legislation, regulation, a political framework and having regard to the circumstances of customers.
- 3.2 The following four fundamental principles are proposed and feedback from Members is sought as to the suitability of these for inclusion in a policy for consideration:
- a) **Consistency** - Services should raise income wherever there is a power or duty to do so and are best placed to determine the charge level based on the impact to customers and the fulfilment of corporate priorities;
 - b) **Defined Charging Strategy** – For any area that charges for services, the strategy for determining the level of fees or charges should be set out. For the Council to maximise its income position, charges should be set in order to generate a surplus for reinvestment in Council services, assuming it is possible to balance this position with the impact to customers and it is lawful to do so within the appropriate trading structure. If this is not possible or when it is not appropriate for profits to be generated it is proposed that charges are set to sustain a full cost recovery position. Subsidising of charges should be considered where the customer impact means it is necessary or where service take-up meets a council objective and is in line with the council's public sector ethos. Any departures from the policy (once approved by Members) must be justified in a transparent manner with reference to the relevant charging strategy and how the charge promotes financial sustainability, manages the impact on customers and/or meets the Council's priorities;
 - c) **Impact to Customers** - The impact to customers in determining charges must be fully considered and an Equality Impact Assessment (EIA) (or other impact assessment for corporate or public sector bodies as necessary) must be completed; and

- d) **Cyclical review** - Charges should be reviewed annually with members to ensure effective scrutiny and accountability of charging strategies and decisions.

4. New Income Generating Opportunities

4.1 At the meeting of the PFD Committee on 16 November 2021, concepts to generate new income streams for the Council were shared with members. Subsequently, these were assigned to the Corporate Management Team and 11 were prioritised for closer examination. A summary of progress so far is provided below. Of these 11 areas, 1 has been implemented, 1 agreed but not yet implemented, 1 is in the process of being implemented and 5 are being worked up to full business case. The remaining 3 will be revisited in 2023.

4.2 Of the five concepts currently being worked up to full business case, those which are considered viable by the Senior Leadership Team following review will be presented to members for decision later in the year (anticipated September 2022). As a reminder, the Council retains Capital Programme provision for the purpose of funding potential start-up costs associated with any of these proposals (subject to presentation of a sound business case), in two areas:

- Capital Programme 2022/23 "Invest to Save" budget, which can cover capital costs; and
- Capital Programme 2022/23 "Transformation" budget, which can be utilised to cover capital or revenue costs on the proviso that the project meets transformation criteria as set out in the Council's Flexible Use of Capital Receipts Strategy.

Table 1 – Current Status of New Income Stream Concepts

Concept	Position	Status
MOT testing at the Depot	A business case has been drafted which concludes the net indicative income is likely to be in the region of £21,000 per year. A business case is being worked up for consideration by the Council's Senior Leadership Team. Assuming officers consider the business case viable, this will be presented to members as part	Full business case under development
Small asset disposals	Selling redundant equipment work is underway. Items identified where there could be a resale value. Draft policy developed and currently being tested to determine final internal policy and procedure.	Implementation underway
Bulky waste	Changes with service delivery – in principle changes agreed by PFD Committee on 16 November 2021 (Refuse and Recycling Review report) but not yet implemented.	Agreed but not yet implemented
Community Lottery	Presentation given to the Senior Leadership team. Business case under development.	Full business case under development
Cemeteries	Purchase in advance proposal – now in place.	Implemented
Re-purpose toilets	Work has started with an officer working group to look at ideas to form part of the business plan which is anticipated by September 2022.	Full business case under development

Events management and asset review	Project team established, to look at revenue opportunities from our assets, land, buildings and community facilities. Full business case anticipated January 2023 due to resource commitments. In the meantime looking at small scale selling for minimal initial input.	Full business case under development
Green and clean management and maintenance service	Limited capacity to explore further at this time. Business case anticipated January 2023.	Timetabled for development in 2023
Energy generation	Ideas and business plan scheduled for October 2022.	Full business case under development
Joint service offer for community and wellbeing team	Discussions have commenced about establishing a partnership with other authorities to maximise the impact of future public health funding. Work on this will continue throughout the year.	Timetabled for development in 2023
Talent pool	To be explored and the work will be linked with clarity of future apprenticeships by human resources.	Timetabled for development in 2023

5. Financial Implications and Next Steps

- 5.1 At this stage, it is not possible to quantify the potential additional income that could be generated from the commercialisation of existing income streams, since this will require service areas and finance to work together to determine the net position of chargeable services and propose new charges if income is deemed out of sync with the appropriate charging strategy. However, this new approach will enable services to understand whether the income generated from providing a service cover the costs incurred and given the current position of income generation compared to peers (see 2.2 above) there is scope to better the position of existing income streams as well as new potential areas.
- 5.2 Subject to Council approval, it is intended that a revised policy will take effect at the outset of the 2023/24 budget setting process.
- 5.3 In order to balance the resource implications associated with this new approach and the need to raise locally generated income it is proposed that a small number of the Council's higher value income generating areas are reviewed as part of the 2023/24 budget setting process, with a wider review of other income generating areas taking place in 2023 and future years. The intention is for these specific service areas to present proposed charges from April 2023 as part of the draft budget, along with information around the specific reason for the proposed variation in line with the charging strategy for that income stream.
- 5.4 Income in respect of new income generating concepts similarly is not quantified at this stage but will be set out as proposals are brought forward for approval – anticipated September 2022.