



Policy, Finance and Development Committee	Tuesday, 13 September 2022	Matter for Information and Decision
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Report Title: **Maximising the Council's Income (September 2022)**

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

Purpose of Report:	To seek Committee approval of a new Corporate Charging Policy for the Council to support the maximisation of Council income through existing and new areas of income generation, and to review and approve the business case for two new income generating opportunities. Subject to Committee approval, the Policy and report detailing income proposals will progress to Council for final approval.
Report Summary:	The Council collects in the region of £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 has not previously had a policy in place to guide the setting of levels of sales, fees and charges, or indeed the charging strategy which should determine the basis of such levels. This report seeks Member approval of a policy for determining the levels of sales, fees and charges levied for services. This report also presents Members with several business cases for the generation of new income.
Recommendation(s):	<p>That Members:</p> <p>A. Approve and recommend to Council the new Corporate Charging Policy (a set out at Appendix 1); and</p> <p>B. Approve and recommend to Full Council the proposals for the provision of a Community Lottery and new approach to Events Management and to delegate authority for the Strategic Director and Section 151 Officer to make any required budgetary changes for the schemes to progress.</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>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:	<p>Accountability (V1)</p> <p>Respect (V2)</p> <p>Teamwork (V3)</p> <p>Innovation (V4)</p> <p>Customer Focus (V5)</p>

Report Implications:-	
Legal:	There are no implications directly arising from this report.
Financial:	The implications are as set out at throughout 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:	Report Entitled 'Maximising the Council's Income (June 2022)' to the Policy, Finance and Development Committee on 28 June 2022
Appendices:	<ol style="list-style-type: none"> 1. Draft Corporate Charging Policy (September 2022) 2. Community Lottery Presentation (September 2022) (To Follow)

1. Background

- 1.1. Following a request at its March meeting, the Strategic Director and Section 151 Officer presented an update report on the progress of the new income generating opportunities to members alongside a consultation of the Committee on a proposed new Corporate Charging Policy.
- 1.2. 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 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.
- 1.3. 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.
- 1.4. This report presents 2 income generation opportunities and the new Corporate Charging Policy for approval and provides a wider update on other income generation ideas currently under review or previously considered.

2. New Corporate Charging Policy

- 2.2 To date, the Council has not relied on a centralised member-approved policy for the setting of fees and charges and the onus to set appropriate charges has sat with service areas, which has in some cases, led to an over-reliance on inflating fees and charges in line with general annual inflation indices instead of understanding the actual position and movement in costs incurred in providing the service.
- 2.3 The intended policy at Appendix 1 sets out requirements of services to ensure the impact to customers is fully assessed and considered, building on the need for the Council, as a public sector organisation to consider circumstances where it is appropriate to subsidise charges.
- 2.4 The Committee was consulted on the draft principles and features of this new policy in June 2022 and were broadly supportive.
- 2.5 Other feedback from the Policy, Finance and Development Committee included:
- The need for the Council to have a commercial mindset – for example, services should undertake appropriate market research and evidence the ability to operate commercially when presenting existing or new fees and charges for services to members for approval. The policy includes provisions around the need for presenting a business case for varying existing or introducing new charges and this includes reference to the undertaking of market research where appropriate (see paragraphs 5.2 and 6.2).
 - The need for pragmatism when considering the recovery of corporate overheads, as at times, this can make the cost prohibitive to achieving a market share. Paragraph 3.10 of the policy includes provisions for discretion, to remove the likelihood that charges are disproportionate with the actual level of corporate or directorate support likely to be consumed in delivering a service.
 - The Council should modernise its commercial processes so that it is more geared up towards efficient income collection – for example by exploring “pay at source” options so that services can take payments before services are delivered. Currently, the policy states that where possible payments should be taken in advance of the service being delivered. (Paragraph 8.1). This will be achievable for many service areas already, but it is proposed further work is undertaken to identify the need for any technological advancements to improve this.
- 2.6 In summary, the following four fundamental principles are set out in the policy, but are summarised here:
1. Council fees and charges are consistent
 2. There is a defined Charging Strategy;
 3. The Impact to Customers is considered; and
 4. Charges are reviewed on a cyclical basis
- 2.7 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.
- 2.8 Subject to Council approval, it is intended that a revised policy will take effect at the outset of the 2023/24 budget setting process.

2.9 In order to balance the resource implications associated with this new approach and the need to raise locally generated income it is proposed that the following 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:

- Selective licensing – with a view to looking at the charging position of the scheme and whether changes would need to be made. Consideration to be given as to whether the scheme could be rolled out across any other Borough areas.
- Cemeteries’ – reason for review is due to cemeteries income having been within the Councils top income generation areas and there have been some recent Q1 adverse forecasts and other scheme changes which warrant a review of charge setting; and
- Management fees – the Council charges a % management fee across various fees and charges and a review to check the appropriateness of these is required.

2.10 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

2.11 The proposed policy can be found in **Appendix 1**.

3. New Income Generating Opportunities - Summary

3.1. At the meeting of the PFD Committee on 16 November 2021, concepts to generate new income streams for the Council were shared with members. An update was provided to the Committee in June around the eleven concepts that were continued to be looked at and confirmed that five concepts were being worked up to full business case and that those considered viable by the Senior Leadership Team would be presented to members for decision.

3.2. For transparency reasons, all eleven of the concepts are included in the table below.

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 has been drafted which concludes the net indicative income is likely to be in the region of £21,000 per year. A business case has concluded that the risk/reward is too great to take this opportunity forward at this time	Business case presented to SLT – proposal rejected. Proposal will not be taken forward. See below.
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.	Business Case presented to PFD for approval at this meeting. See below.
Cemeteries	Purchase in advance proposal – now in place.	Implemented
Re-purposing of public 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.	Proposal to undertake business engagement to determine likelihood of business occupation and provision of public toilets ongoing. See below.
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.	Business Case presented to PFD for approval at this meeting. See below.
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.	Initial outline business case presented to SLT for approval. More detail required before case can be presented to members. See below.
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	Work has commenced in this area with the Council committing to employ a graduate under the LGA National Graduate Programme. Further explorative work will be linked with clarity of future apprenticeships by human resources	In progress, with remaining workload timetabled for development in 2023

3.3. In addition to the above, there was a request at the June meeting for other concepts, not included on the list above, but which were originally discussed in November 2021, to also be reported back to members. The table below sets out these concepts and the reasons why they are not being progressed.

Table 2 – New Income Concepts originally scoped (Nov 21) but which are not being progressed

Idea	Current position
Internet provision to residents	Not progressed as current priority (agreed by SLT)
Technical support for residents e.g. Wi-Fi, electronic set ups etc.	Require potential commercial arm to develop and deliver. Not progressed. Concern over data and liabilities. Not progressing (agreed by SLT).
E sports – utilising sites for games/competitions with particular focus on youth	Included with events management project
Green and clean management service – compete with management companies to maintain green spaces	Again not progressed as a priority, would need a management company setting up (agreed by SLT).
Assisted Living Shop – selling panic alarms, mobility aids, starting with tenants and then developing more commercially	Not progressed as current priority (agreed by SLT)
Housing Lettings Agency – to work with private sector landlords	Not progressed as current priority (agreed by SLT). Some work areas already being picked up through day to day work in the private sector housing team which will develop over time
Trusted Trader Scheme – working with partnership companies to offer their trades at competitive rates e.g. ice cream concessions on parks	Included with events management project
Fixed penalty notices for incorrectly placed bins	Not endorsed by members
Brocks Hill – hire of room for weddings and other events	Will be considered along with office move and future occupation/use of the building and again linked with events management project
Open spaces – rent/book out open spaces for events/dog walkers etc	Included with events management project
Wedding venues	Included with events management project
Government Delivery/Marketing – marketing and advertising to sell our services	Considered to be business as usual and therefore to progress within services
Extend IT services to schools – offer support to schools to improve links	Not progressed as current priority (agreed by SLT)
Apprentices scheme	To be progressed when HR support is in place
Community and Wellbeing Team – establishment of a partnership with Blaby and Harborough to deliver greater outcomes, reach, secure funding and deliver future savings	In progress, possible decision Q4 2022/23

Use of parks and assets to gain income	Included with events management project
Savings from Depot – use of storage areas, bulky waste changes, flexibility of staff to cover both grounds maintenance and R&R	Business as usual
Install 5G masts on our land	Not endorsed by members
Work to make Wigston Town Centre more appealing e.g. pop up stores	Progressing through economic regeneration work

3.4 The following sections set out the concepts that have been worked up and presented to SLT.

3.5 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), through its £350,000 Capital Programme 2022/23 “Invest to Save” budget, which can cover capital costs for schemes which deliver expenditure reduction or income generation.

4. MOT testing at the Depot – will not progress

4.1. The business case for this income generation concept was reviewed by SLT in August. Based on the level of investment required (circa £30,000) and the estimate around the net income that could be achievable (in the region of £20,000 per annum), the leadership team considered the overall financial position to not be commensurate with the level of operational risk involved. As such this proposal will not be worked up any further for member approval.

5. Community Lottery – proposed for approval

5.1 The business case for this concept is to follow at **Appendix 2** and a representative from Gatherwell will be at the meeting to share a presentation of the scheme.

5.2. A Community Lottery is a weekly lottery that raises money for good causes across the borough and all good causes supported by the lottery will benefit the Borough and its residents. The Community Lottery operates on the principle of raising money within the community for the community, empowering local good causes to raise money in a fun and effective way. For every £1 raised, 60 pence goes to local charities. Based on assumed demand in the form of ticket sales, of approximately 6,000 tickets per year, and an initial investment of circa £10,000 in year 1, the net income achievable in year 1 is estimated at £20,000 for year 1 and £29,000 in year 2 and beyond. Given the low risk and low input required, the recommendation is that Members approve the Council signing up to the scheme.

6. Repurposing of public toilets – proposed to move forward to next stage

6.1. An initial outline business case was presented to SLT in August that identified the need for more detail before a firm case can be presented to members for approval.

6.2. To move forward, it is proposed that officers undertake a “call for business interest” process and engage the local business community to soft-market test the appetite for businesses to take on the assets to run their business (or prospective business). This would include the need for the “offer” to include the provision of public accessible toilets that are not linked to business sales. This approach is proposed as a means of gathering intelligence on what level of rental income the Council might be able to expect, but also understand the appetite of the business community for taking occupation and what capital investment requirements there might be and opportunities for meeting those.

- 6.3. It is envisaged that the exercise could identify a role for the Council in supporting businesses/potential businesses and that the UKSPF potentially funds available would form part of a package of business support. This collaborative approach could meet requirements for bringing public assets back into use and income generation and/or expenditure reduction (in the form of public convenience maintenance costs).
- 6.4. If Members are supportive of this approach, Officers will take forward and report back to a future committee on the outcome of the engagement and “call for business interest” exercise and present a final recommendation based on that outcome.

7. Events management and asset review – proposed for approval

- 7.1. Following SLT review, it is proposed that the Council use existing resources to support events in the Bourgh with a target level of income of £10,000 for the first year. The intention behind this approach was very much to “start small” and test the market and success of events so that the need for an Events Officer to support going forward could be more accurately determined.

8. Energy generation – update only

- 8.1. Finally, an initial outline case for energy generation through the Council’s assets was reviewed by SLT. It was agreed that further work was needed to scope out the potential savings further for the Depot, the Freer Centre and the Elizabeth Court buildings. Work in this area will also link in with the County wide Environmental Working Group to ensure funding opportunities for solar PV and other energy efficient technologies are captured and taken advantage of.
- 8.1. As such it is proposed that members note this position and that a further update will be brought back in due course and that the council’s own Environment Working Group is engaged in the proposal.

9. Financial Implications and Next Steps

- 9.1. As detailed above, it is difficult to quantify the financial effect the new policy will have on existing income streams without having undertaken the work to review the net cost of providing income bearing services. Additional income forecast as part of varying fees and charges will be reported clearly to members so that they understand fully the income effect of varying fees and charges through budget setting.
- 9.2. The forecast position in respect of the new income opportunities proposed to be taken forward are set out above and summarised below:

Scheme	2023/24	2024/25
Community Lottery	£20,000	£29,000
Events Management	£8,000	£8,000
	£28,000	£37,000