
Income Generation

Committee considering report: Resources Select Committee

Date of Committee: 17th January 2017

Portfolio Member: Cllr Roger Croft

Date Portfolio Member agreed report:

Report Author: Cllr Emma Webster

1. Purpose of the Report

- 1.1 As part of its work programme the Select Committee has agreed to undertake an in-depth review into income generation.
- 1.2 The Council finds itself faced with the need to make even further savings over forthcoming years to balance its budget. The purpose of this report is to explore practical means of increasing the Council's income via income generation. This report considers examples of ways in which other local authorities are generating income and their success, further work will be required to understand if any are suitable for implementation in West Berkshire.
- 1.3 This paper sets out the rationale for the review, provides some background information on the work that has already been carried out in relation to this topic and sets out proposed terms of reference for discussion and agreement by the Select Committee.

2. Recommendation(s)

- 2.1 The members of the Resources Select Committee to note initial report considering the ways in which other local authorities are generating income.
- 2.2 To establish a small task and finish group to understand how West Berkshire Council could implement proposals for income generation.

3. Executive Summary

- 3.1 Over the last five years, West Berkshire Council has had to find savings of £41m. Since 2012/13, the government has given us less money by reducing the Revenue Support Grant by £30m, whilst over the same period we have seen increased demand for our services, so we've had to do more for less money.

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- 3.2 Despite having to make unprecedented levels of savings, we've done our very best to keep our services running. We've done this by becoming more efficient at what we do, reducing back office support and increasing our income. We've also reduced our workforce by 10.6%. Unfortunately, to find this level of savings, we've also had to reduce or stop some services.
- 3.3 For 2017/18, it is estimated our budget will be £117m. To achieve a balanced budget (a legal requirement for local authorities) we'll have to find £8m next year. This figure could consist of savings, increases in our income or a mixture of both. We estimate a further £14m will need to be found for the following two years. This means a total of £22m will need to be identified over the next three years. The purpose of this scrutiny report is to understand what other local authorities are doing currently to generate income and whether these examples could be implemented in West Berkshire.
- 3.4 The following paragraphs offer some brief information on six of the strategies being pursued by other Councils to generate more income, further information has been provided at Appendix A:
- 3.5 **Aylesbury Vale:** Aylesbury Vale District Council generates income in a variety of different ways, including via an online community lottery. This model is seen as best practice within Local Government and they provide advice (with a charge) to other local authorities looking to set up their own community lottery. Further information from the launch time can be found at:
<http://www.aylesburyvaledc.gov.uk/news/online-lottery-will-be-council-first>
Source:
<http://www.local.gov.uk/documents/10180/5785771/Aylesbury+Vale+District+Council+-+New+Business+Model/abffb76e-3e20-40b4-9f91-49e383af7b61>
- 3.6 **Birmingham:** As a founding member of Council Advertising Network, Birmingham City Council is using advertising to effectively generate income, without detracting from the user experience and whilst ensuring that every advert is appropriate for a public service website. As part of a consortium of councils, the network can command the attention of big advertisers and gain access to advertising campaigns offering premium rates because the advertisers are willing to pay for large but relevant and segmented audiences.
Source:<http://www.local.gov.uk/documents/10180/5785771/Birmingham+City+Council+-+generating+digital+advertising+income+with+a+network+of+councils/364c9778-dc51-4bbc-9b75-4a87bb4adb11>
- 3.7 **Brent:** The Council is looking to gain “Approved Inspection” status for its Building Regulation team to enable them to undertake work throughout England without needing to obtain the host local authority’s agreement to work within their area . This ability will allow Brent to market their building regulation services in the same way as private sector companies.

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- 3.8 **Camden:** Camden is generating income from providing a Wi-Fi network in areas of high footfall . Residents, businesses and visitors get 30 minutes of free internet access every day, but once users have taken advantage of the 30 minutes of free time, they are invited to purchase extra time at a rate of £5 per day, £10 per week or £30 per month. The Council is anticipating receiving a multi-million income over the 10 year term of the contract they have signed with Arqiva. Source: <http://www.local.gov.uk/documents/10180/5785771/Income+Generation+Case+Study+-+Camden.pdf/60927476-00f8-43cb-99bf-f71a50fd27cd>
- 3.9 **Manchester City Council:** The Council has entered into a major roadside advertising contract, including significant media space, for Manchester City Council to drive channel shift, promote events, etc. This has been running for four years. City Centre interactive wayfinding screens, set up in late 2013, are also generating significant surplus. This has generated significant revenue of around £2 million per annum with broadly equivalent value in media space. Source: <http://www.local.gov.uk/documents/10180/5785771/Manchester+City+Council+-+Advertising+and+Energy/e7977ebe-0908-4c47-9bf0-8712e2597183>
- 3.10 **Wolverhampton City Council:** The Council was spending on average £7.5 million a year on temporary and interim workers. It was suggested that rather than paying private companies to do this it should be done through a Council owned company. YOO Recruit was established as a Wholly Owned Company in February 2014 and started trading in April 2014. Up to the end of the calendar year 2014 YOO Recruit has had a turnover of £1.2 million and a gross Profit of £141,000. YOO is currently providing 10% of all temporary workers into the Council and the predicted forecast at the time the Council owned company was established was £365,000 for 2015/16 and £500,000 for 2016/17 in gross profit. The main impacts of this initiative have been that: • All profits/surplus are returned to the Council. • The Council has much more control over spending on temporary workers and also payments to workers. • There are fewer invoices so costs have been reduced. • There are no temporary to permanent fees giving an additional saving equalling £60,000 based on a 15% fee. • 90% of the workers signed up to YOO Recruit live in Wolverhampton. • Temporary workers are paid the living wage as opposed to the minimum wage. Source: <http://www.local.gov.uk/documents/10180/5785771/Wolverhampton+City+Council+-+YOO+Recruit.pdf/aa42f995-62b8-4394-8b0c-59eccfe1c233>

4. Conclusion

- 4.1 Finding new ways to generate income are necessary to address the shortfall in all Council's budgets across the Country.
- 4.2 Lessons can be learnt from other authorities that have already successfully implemented income generating proposals.
- 4.3 A small time limited task and finish group should be set up to explore whether any of the initiatives undertaken elsewhere could be introduced in West Berkshire. It is a strategic and significant issue • scrutiny can add value in this area • a scrutiny

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review would be timely as it could link into the current Medium Term Financial Strategy Planning.

5. Appendices

5.1 Appendix A - Supporting Information

5.2 Appendix B – Localis Commercial Councils <http://www.localis.org.uk/wp-content/uploads/2016/02/Localis-Commercial-Councils-FINAL.pdf>