

# **The Vale of Glamorgan Council**

## **Cabinet Meeting: 23 October, 2017**

### **Report of the Leader**

## **Income Generation & Commercial Opportunities Strategy 2017-2020**

### **Purpose of the Report**

1. To seek Cabinet approval for the Council's Income Generation & Commercial Opportunities Strategy 2017-2020.

### **Recommendations**

1. That Cabinet note the content of this report.
2. That Cabinet approve the Income Generation & Commercial Opportunities Strategy 2017-2020 attached at [Appendix A](#) to this report.

### **Reasons for the Recommendations**

1. To enable Cabinet to consider the way in which income generation and commercial opportunities services will contribute to the delivery of the Council's vision of "strong communities with a bright future".
2. To enable the Council to put in place an Income Generation & Commercial Opportunities Strategy to support the delivery of the Council's priorities.

### **Background**

2. The Council has a range of experience in generating income and using commercial opportunities in order to supplement other forms of income, such as that received from the Welsh Government, Council Tax collection and other grants. However, it is recognised that the situation now faced by the Council requires a more fundamental shift in the way in which these activities are identified, coordinated, implemented and monitored.
3. The recently received draft financial settlement from Welsh Government confirms a further reduction in the funding that will be made available to the Council for the next two financial years. This will require the organisation to identify alternative means of supporting the delivery of priority services through the transformational change programme, Reshaping Services.

4. It has been identified that income generation and other associated commercial opportunities provide significant scope for alleviating financial pressures and providing more choice for customers. The Wales Audit Office report on Savings Planning (March 2017) identified a proposal for improvement for the Authority to “strengthen financial planning arrangements by developing a strategic approach to income generation”. Income generation and commercial opportunities were further explored during the Reshaping Services Baseline Assessment Update project that was undertaken in late 2016 in order to identify future projects to progress the Reshaping Services Programme. Following completion of the Baseline Assessment Update project, this area of work has been included in the Reshaping Services programme and income targets of £50k, £550k and £500K for 2017/18, 2018/19 and 2019/20 respectively have been approved in the Council’s budget and Medium term Financial Plan.
5. As a way of initiating the delivery of this work, the Income Generation & Commercial Opportunities Strategy has been prepared in order to ensure a clear vision and consistency in the way future activity is managed. The Strategy can be found in [Appendix A](#).

## Relevant Issues and Options

6. The Council is facing challenging financial circumstances over the period covered by the Strategy and a key challenge will be how to seek opportunities to supplement sources of funding with other revenue streams. The contribution income generation will make to these endeavours is set out in the Strategy and will be delivered through the strategic actions contained in it.
7. The Income Generation & Commercial Opportunities Strategy comprises the following sections:
  - An **Introduction** to the Strategy setting out the background and financial context. Information is provided on the existing and varied activities the Council is currently pursuing in this area, including, for example, the operation of the Council’s leisure centres, utilising the website to generate income from advertising and arrangements whereby Council services are provided to other organisations on a ‘commercial’ basis. Reference is made here too, to the strategy’s contribution to the Council’s overall integrated planning framework which supports the delivery of the Corporate Plan and the contribution to the Well-being of Future Generations Act.
  - The **Scope** of the strategy sets out a clear list of what is included and excluded from the strategy. Where activities are excluded, the reason for this being the case is provided.
  - **The Legislative Framework** within which the Council operates is a vital consideration for income generating activity and details of the most pertinent legislation is provided. In addition to the relevant legislation, this strategy has been developed with consideration having been given to the Wales Audit Office report “Charging for Services and Generating Income by Local Authorities” (2016) and the Local Government Association report “Enterprising Councils: Supporting Councils’ Income Generation Activity” (2017) as well as discussions with other authorities.
  - The **Aim and Strategic Objectives** section sets out what the strategy is seeking to achieve and the objectives that are sought to be delivered.

- **Income Policy Principles** have been aligned to each of the four strategic objectives to provide a framework for decision making and to guide the development and delivery of initiatives.
  - There is a section on **Implementing the Strategy** which describes the way in which the Council is seeking to ensure the environment is right to undertake the necessary work. A strategic approach has been developed based on income categories and approaches to guide the development and delivery of income generating activity and a standard process for the development, consideration and approval of projects is set out, including associated governance arrangements.
  - A Strategic Action Plan is included which describes (ordered by income category and approach) the activities that will be undertaken during the period covered by the strategy.
  - Appendix A to the strategy provides a glossary of terms. Appendix B sets out a template for the development of business cases for commercial activity.
8. The aim of the strategy is to “Support the delivery of Strong Communities with a Bright Future through the development and implementation of a range of income generation and commercial opportunities, which will complement other sources of funding”.
9. The strategy sets out four strategic objectives. As described above, each objective is supported by a series of “policy principles” which set out how the Council will go about achieving each objective and will guide the actions taken to deliver the overall aim of the strategy. The four strategic objectives are:
- To support consistency across the Council in its approach to income generation and commercial opportunities, including setting, collecting and reviewing fees and charges.
  - To aim towards achieving full cost recovery where it is appropriate to do so and to develop a standard approach to the application of concessions.
  - To influence demand and use of Council services whilst promoting equity and fairness.
  - To support the delivery of the Corporate Plan, the Medium Term Financial Plan and the Reshaping Services Programme as well as other corporate planning documents.
10. Significant work will be required to change the way in which the Council approaches revenue generating activity. Creating the right environment will be key and steps have been taken through staff engagement, the management development programme and Staff Charter to develop the abilities, skills and experience of Council staff in this area. Further work to support staff is planned to enable the delivery of the strategy.
11. Providing a clear framework for developing and implementing activity has been considered, with a range of categories proposed for income generation and commercial opportunities. These categories are the Council’s buildings, assets and physical resources, existing products and services and new products and services. A range of approaches to implementing opportunities within each of these categories are possible in terms of fees and charges, sponsorship or new delivery models. This income categorisation and implementation approach has been designed to illustrate the

breadth of activity that is possible in this area and it is considered essential that opportunities are explored in each area. The strategic action plan sets out the activity that will be undertaken to ensure this is the case. Business cases are under development in order to identify the income targets that have been established.

12. The activity pursued in delivering this strategy will be coordinated by an Income Generation and Commercial Opportunities Board as part of the Reshaping Services Programme portfolio and report to a Board chaired by the Managing Director. The programme will report to the Reshaping Services Programme Board and to the Council’s Cabinet. The strategy sets out the arrangements for the development of proportionate business cases to ensure decisions are well evidenced, consistent and receive the appropriate oversight and scrutiny.

### **Resource Implications (Financial and Employment)**

13. As described above and within the strategy at [Appendix A](#), the significant and ongoing pressure on the Council’s finances requires a fundamental shift in the way the Authority operates. Income generation and commercial opportunities are considered an essential contribution to supplement diminishing sources of Government funding.
14. The Income Generation and Commercial Opportunities Strategy has income targets within the Reshaping Services programme as illustrated below. Work to identify the contribution of individual projects to these targets will be undertaken in the coming months. These targets are in addition to any existing service specific income targets (however, this activity will be coordinated by the programme to ensure appropriate linkages are made between areas of activity):

2017/18 (£)	2018/19 (£)	2019/20 (£)	Total (£)
50,000	550,000	500,000	1,100,000

15. There are no direct employment implications associated with this report. However, there may be implications associated with the individual projects associated with the implementation of the strategy. As projects develop, any specific employment implications will be identified and managed in accordance with the Council’s relevant policies and procedures.
16. New skills will be required to ensure the effective delivery of the strategy. A programme manager has been identified to coordinate the delivery of the programme of work. The latest management development programme has focused on providing managers with an introduction to this agenda and provided an opportunity for staff to share experiences of where income generating activity is currently underway. It is recognised too that additional resources may be required to enable the effective implementation and marketing of Council products and services to maximise their full potential. This will be further explored in the coming months, with a business case developed for any funding that may be called upon from the Reshaping Services Programme reserve to progress this via any additional posts or training to upskill existing members of staff.

### **Sustainability and Climate Change Implications**

17. The Income Generation & Commercial Opportunities Strategy has been developed as part of the Council’s integrated planning activity which is consistent with the Well-being of Future Generations (Wales) Act. The Act requires the Council to contribute to the national Well-being Goals and to work in line with the sustainable development

principle. Revenue generation will contribute to the delivery of the Council's Corporate Plan, including the four well-being outcomes and corporate health activity. The proposed strategy has been developed to include consideration of the five ways of working which support the sustainable development principle, including the potential for collaboration, long-term decision making, and supporting the integration of services.

### **Legal Implications (to Include Human Rights Implications)**

18. There are no direct legal implications arising from this report. The strategy contains a section which sets out the relevant legislation regarding income generation and commercial opportunities.
19. As proposals are developed, the specific legal implications and legislative frameworks will be fully explored in conjunction with the Council's Legal Services Department.

### **Crime and Disorder Implications**

20. There are no direct crime and disorder implications associated with this report.

### **Equal Opportunities Implications (to include Welsh Language issues)**

21. There are no direct equalities implications arising from this report. An initial equalities impact assessment has been completed for the Income Generation & Commercial Opportunities Strategy.
22. Equalities Impact Assessments will be developed as individual projects are scoped to ensure that equalities considerations are considered from the outset and any implications fully explored as part of the decision making process.

### **Corporate/Service Objectives**

23. The Income Generation & Commercial Opportunities Strategy is an enabling strategy that will assist in the delivery of the Council's Corporate Plan, Medium Term Financial Plan and the Council's Budget.

### **Policy Framework and Budget**

24. This is a matter for Executive decision by Cabinet.

### **Consultation (including Ward Member Consultation)**

25. Due to the corporate nature of this report, no consultation with Members has been undertaken. The Strategy has been considered by the Reshaping Services Programme Team.

### **Relevant Scrutiny Committee**

26. Corporate Performance and Resources Scrutiny Committee.

### **Background Papers**

None

### **Contact Officer**

Tom Bowring, Operational Manager, Policy and Performance.

**Officers Consulted**

Corporate Management Team.

**Responsible Officer:**

Rob Thomas, Managing Director