

## Income Generation and Enterprise Plan

<b>Report of the:</b>	Chief Operating Officer
<b>Contact:</b>	Damian Roberts
<b>Urgent Decision?(yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	N/A
<b>Annexes/Appendices (attached):</b>	None
<b>Other available papers (not attached):</b>	None

### Report Summary

**This report sets out a new Income Generation and Enterprise Plan for the Council. It has been prepared in the context of significant continued cuts in Government funding and will have a key role in enabling the Council to be more financially self-sufficient.**

### Recommendation (s)

**That the Committee approve the approach to income generation and enterprise set out in this report.**

## 1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 This plan directly contributes to one of the key priorities of the Council's Corporate Plan - Managing Our Resources, which includes a commitment to, "identify new sources of revenue and maximising existing income".

## 2 Background

- 2.1 The impact of changes to central government funding to local government including the introduction of a negative subsidy (ie the Government taking money from local Councils and local Council Tax payers which has been earmarked to fund local services, and spending this elsewhere) offers increased risks to the Council, particularly one of this size. It is therefore vital that the Council explores alternative sources of funding, particularly where this goes hand in hand with the Council providing additional value to customers that they are willing to pay for.
- 2.2 Epsom and Ewell Borough Council acknowledges the challenges that it faces, but also views the current funding picture as an opportunity to bring about more fundamental changes in the way the Council operates, introducing updated policies and procedures and more commercial and

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customer focused thinking that is aligned to the Council's strong public service ethos.

### **3 What Commercialisation means to Epsom and Ewell Borough Council**

3.1 The Capita report, 'Creating council commercialism – A conversation' November 2013, recognises that each organisation will need to define its own approach to commercialisation,

'Commercialism means different things to different people, and is being implemented in different ways all over the country. This is a good thing – local government is enjoying a flowering of diverse approaches to problems as well as more freedom to act than previously. There is not – and there shouldn't be – one right approach to commercialism, nor just one useful definition.'

3.2 Epsom and Ewell's approach to commercialisation seeks to build on the positive commercial thinking and practice that already exists within the Council along-side reinforcing the strong public service ethos that characterises the borough and which continues to put the borough's residents first.

3.3 Four specific work streams have been identified:

- Understanding the needs of residents, businesses and visitors and the market in which the Council operates. This would involve undertaking some analysis of demographic and business trends to help form a borough profile that would identify market opportunities in both the short and medium term.
- Income Generation – by providing services which customers are prepared to pay for which generates revenue that can be reinvested back into Council services.
- Reviewing key policies and processes to identify opportunities to enable the Council to respond more quickly and efficiently to market opportunities in a way that reflects the realities of operating in a more commercial market. This includes enabling staffing and procurement decisions to be made more quickly to enable the service to respond more effectively in a competitive environment.
- Creating a more enterprising culture – building the skills, policies and processes to enable staff to embrace a more commercial approach in their work drawing on the best examples of high performing customer focused commercial organisations.

3.4 The delivery of these work streams will be overseen by an officer board chaired by the Chief Operating Officer and vice-chaired by the Chief Finance Officer. The officer board will report through to the Strategy and Resources Committee.

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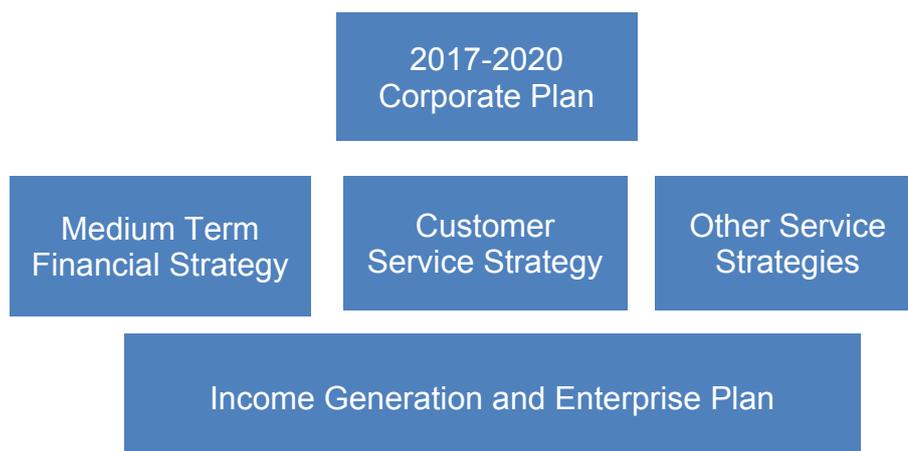
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### 4 Building on existing knowledge and skills

- 4.1 There is an opportunity to build on the strong commercial thinking that already exists in a number of areas within the Council where the Council is already operating within the market, selling services that residents want to buy or working in partnership with organisations with particular expertise in their market. This includes:
  - 4.1.1 The Playhouse Theatre
  - 4.1.2 The Rainbow Leisure Centre
  - 4.1.3 Building control service
  - 4.1.4 Higher needs services delivered from the Community and Wellbeing Centre
  - 4.1.5 Telecare services
  - 4.1.6 Trade Waste collection
  - 4.1.7 The leasing of property including oversight of the Council's arms-length property company.
  - 4.1.8 Wedding and other bookings (e.g. at Ewell Court House and Nonsuch House)

### 5 Strategic fit

- 5.1 The Income Generation and Commercialisation Plan fits into the Council's other key (current and future) strategies and plans as follows:



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### **6 Key aims and objectives**

- 6.1 The overarching aim of this strategy is to deliver value to customers while generating a financial return which contributes to the Council's efficiencies and additional income targets, helping to safeguard core frontline services.
- 6.2 The Medium Term Financial Strategy shows that the Council will face a projected budget gap of £0.6m by 2020/21. Additional income generation will contribute towards addressing this gap.
- 6.3 There will be a need to understand and carefully manage and control the risks associated with the implementation of this plan including timing, competition and the impact of cyclical changes in demand which can result in large variations in income over time. Some up-front investment will be needed for the successful implementation of this plan as well as appropriate provision for contingencies to mitigate some of the risks. This includes spend on marketing, business planning, publicity, web design etc. However, it is expected to be at least self-financing in the short/medium term.
- 6.4 It is important to note that the benefits of pursuing a more commercial approach are not purely financial. Becoming a more commercially focused organisation means putting the customer at the heart of everything the Council does, and doing so in a financially sustainable way. It is about actively encouraging creative thinking to develop more effective ways to deliver services that residents, businesses and visitors need and want.
- 6.5 Key to the success of this approach will be how we support and empower our staff to take innovative business-like decisions, manage risk and seize new opportunities. This will require ways to improve the quality and speed of decision making, enabling the Council to be more flexible and agile in responding to market opportunities and to make better use of evidence, industry best practice and local market intelligence.
- 6.6 Working in a more commercial way has the potential to make Epsom and Ewell more attractive as an employer, providing staff with more development opportunities, and increase the Council's ability to attract and retain talented staff.

### **7 Action plan - service focus**

- 7.1 The following table sets out the services which will be targeted in this plan. To ensure maximum impact from the available staff capacity, not all services will be progressed in year one, but instead phased in over the next four years.

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Commercial area	Overview	Focus	Yr1	Yr2	Yr3	Yr4
<b>Property investment</b>	Opportunities to generate more funding for the Council from commercial property investments	In-borough linked to regeneration and place shaping opportunities	X	X	X	X
<b>Regulatory Services</b>	Selling advice and guidance to businesses to support them through regulation (eg Environmental Health), licencing and better business	Small scale to begin with to develop a one stop shop service offer based around businesses not services		X	X	X
<b>Regulatory Services</b>	Primary Authority opportunities	Identified a few businesses with HQs in the area and offer a small-scale service		X	X	X
<b>Planning pre-app advice &amp; planning performance agreements</b>	Provide greater added value to developers in shaping proposals that meet Council policy and aspirations	Creating a menu of added value services for developers that align with Council priorities	X	X	X	X
<b>Higher Needs</b>	Development of a holistic higher needs offer based around the Wellbeing Centre	Increase the capacity of the building, increase usage and then develop wrap around services		X	X	X
<b>Parks</b>	Leasing for events and shows and licencing for fitness, use for filming etc	Understanding the market of large scale event operators and developing relationships		X	X	X
<b>Advertising</b>	Increasing the number of available advertising spaces and increasing yield from them	Direct selling to local businesses		X	X	X
<b>House clearances</b>	House clearance and removal of bulky items from inside	Service currently asked for and would use existing civic amenity collection vans	X	X	X	X

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Commercial area	Overview	Focus	Yr1	Yr2	Yr3	Yr4
	house as well as from outside					
<b>Grounds Maintenance</b>	Commercial grounds maintenance	Win one commercial contract and build from there	X	X	X	X
<b>Building Control</b>	Increasing income and market share	Assertive marketing and updated working practices to increase and retain market share	X	X	X	X
<b>Trade Waste</b>	Increasing market share	Assertive marketing to increase market share and better understanding of the business case	X	X	X	X
<b>Existing Council property assets</b>	Review the most effective use of assets	Increase income and decrease costs including working with partners who have particular commercial expertise.			X	X
<b>Car Parks</b>	Identify space for new or expanded car parks	Business case for new commuter car park and business case for expansion of existing car parks.		X	X	X
<b>Venues</b>	Maximise utilisation of existing venues	Effective marketing, sales and web site development as well as exploring more partnership opportunities	X	X	X	X

### 8 Action Plan - supporting actions for 2018/19

- 8.1 Take a report to Strategy and Resources Committee to seek approval to the overall approach.
- 8.2 Establish a project board, chaired by the Chief Operating Officer and supported by the Chief Finance Officer to oversee delivery of each element of the work programme.

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- 8.3 Recruit to the marketing post proposed in the 2018/19 budget to underpin the work needed to maximise current and future market opportunities described above.
- 8.4 Begin work on the market analysis that will inform the borough profile and future market opportunities.
- 8.5 Begin the process of reviewing key policies including the scheme of delegation, financial regulations, procurement regulations etc, to ensure that they enable the Council to operate more effectively in a commercial environment, while providing the appropriate safeguards and governance.
- 8.6 Develop the commercial knowledge and skills of staff through a programme of training and workshops, targeting those services that could benefit most.
- 8.7 Develop business cases for each opportunity including an analysis of the market and identification of any skills or knowledge issues that need to be addressed
- 8.8 Build in prudent and measured assumptions regarding income growth into the Council's Medium Term Financial Strategy taking into account appropriate contingencies. .
- 8.9 Embed the Councils income generation and enterprise plan into the Councils performance management and service delivery arrangements ensuring that there are positive expectations expressed in learning and development plans and individual staff appraisals.

## 9 Partnerships

- 9.1 The Council will draw on best practice from other parts of local government and from the private sector, and will explore more formal partnership and commissioning arrangements as appropriate.

## 10 Financial and Manpower Implications

- 10.1 **Chief Finance Officer's comments:** *The proposed Income Generation and Enterprise Plan is the outcome of workshops held in December 2017 between EEBC officers and a consultant from the Local Government Association (funded by the LGA).*
- 10.2 *The Medium Term Financial Strategy shows that the Council will face a projected budget gap of £0.6m by 2020/21. The Income Generation and Enterprise Plan is an important step to addressing this gap.*

## 11 Legal Implications (including implications for matters relating to equality)

- 11.1 There are no legal implications arising from the contents of this report.

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- 11.2 **Monitoring Officer's comments:** *There are no comments arising from the contents of this report.*

### 12 Sustainability Policy and Community Safety Implications

- 12.1 The positive and pragmatic approach to income generation and enterprise, is all about making the Council's operations more sustainable and generating enough resources to enable the Council to better deliver what residents and Members want. This includes being able to do more to ensure that Epsom and Ewell remains one of the safest places in the country.

### 13 Risk Assessment

- 13.1 There are inevitable risks associated with taking a more enterprising approach, seeking to embed this within the culture of the organisation and where the delivery of day to day services will have to rely more and more on external income sources. However, all of these risks can be effectively managed and mitigated.
- 13.2 Avoiding taking a "big bang approach", but instead progressing pragmatically and progressively, learning from each opportunity and being realistic from the outset that not every commercial opportunity that is progressed will automatically be successful.
- 13.3 Building on the knowledge, skills and passion of staff, rather than imposing something completely new or alien and recognising that the vast majority of Council staff are motivated by delivering value to customers and making a difference in the local community, rather than being focused on income generation alone. This is why the approach set out in this paper deliberately contributes to core public service values and provides an opportunity to provide more of what customers want and need.
- 13.4 The approach set out in this paper also recognises that unlike traditional sources of income, commercial income can be variable over time, increasing some years and decreasing in other years. To mitigate this risk, it is important that the Council does not become over-reliant on any one source of income, and that it builds in sufficient contingencies to smooth out the ups and downs in demand and income, and would provide enough time for the Council to respond effectively to such changes.

**Ward(s) Affected:** (All);