

Update on the Joint Scrutiny Committee Income Generation Task Group Report, September 2016

Report of the Head of Economy, Enterprise and Skills

1. Introduction

- 1.1 At the January 2016 meeting of the former Corporate Services Scrutiny Committee, Members established a Joint Scrutiny Task Group to investigate how the County Council can generate income, in order to safeguard council services. The Task Group reported in September 2016 with a list of recommendations which were subsequently endorsed by Cabinet.
- 1.2 An update on the progress made against each of those individual recommendations and a summary of general developments was made to the Corporate, Infrastructure & Regulatory Services Scrutiny Committee on 31 January 2018.
- 1.3 This report provides a further update as requested by the Committee.

2. Joint Scrutiny Income Generation Task Group Recommendations from January 2016.

2.1 *The Council should investigate, identify and take forward new and innovative opportunities for income generation*

- 2.1.1 DCC has clearly adopted a positive attitude to exploring the potential of income generation within service areas and this has filtered through the organisation and helped create pockets of innovation. However, individual service areas have been largely left to create their own agenda in developing their commercial offerings, with success depending on the nature of the service, management appetite, capacity and political will.
- 2.1.2 Attempts at commercialisation by other local authorities have had varying degrees of success and in a few instances, appear to have exacerbated financial difficulties. In general though, those councils that have been recognised as being more successful in commercialising service activities have taken a more centralised, corporate approach to how these are developed.
- 2.1.3 However, even within individual councils, this does not mean that commercialisation is the appropriate approach in all circumstances. There are a variety of models in existence but the basic features of a successful public-sector approach would appear to be:
 - Evaluation of the balance between commercial opportunity and the public good or social value derived from providing a free service.
 - Identification of those service areas or specific activities where a more commercial approach is appropriate, viable and of significant value.
 - A dedicated central team with the appropriate expertise to support and advise selected service areas in making the necessary transformation.

- Central investment in cultural change and commercial training for those selected service areas.
- Capacity and appropriate expertise in key support services, for example Legal, Finance and Human Resources, to ensure that the infrastructure is in place to deliver commercial services in a competitive environment.
- An agreed principle for the retention of sufficient income to support ongoing development and redistribution of any surplus back to corporate funds. This should help relieve pressure on those service areas where commercialisation is not considered appropriate or economically viable.

2.1.4 Taking the original Joint Scrutiny Income Generation Task Group recommendations further than they have already been progressed requires some strategic decisions to be made by the Council and may entail subsequent allocation of corporate resource. A report, based upon research and benchmarking within DCC and across other councils and relevant organisations, is currently being prepared for senior management to consider appropriate recommendations to Council.

2.2 *The Council should maximise the potential for capital receipts or income generation from assets identified for disposal or development, as soon as possible*

2.2.1 As detailed in the report to the Corporate, Infrastructure & Regulatory Services Scrutiny Committee on 31 January 2018, performance to date against the Corporate Estates Strategy 2017 has exceeded targets and this continues to be the position. In total during this period £41.5m capital receipts have been generated. For the last full financial year (2017/18) £10.3m of capital receipts were generated from the sale of DCC land and property assets, exceeding the budget book target (£7m) by £3.3m. For this financial year a further £7m (in-year capital receipts) is anticipated from property and land sales and is on target to be achieved. In addition, a further potential circa £24.5 million has been identified from the sale of 'strategic' land holdings, largely for residential development.

2.2.2 DCC are taking a strategic lead role in the One Public Estate initiative working in partnership with other Local Authorities in Devon, the NHS and blue light services to explore opportunities to promote economic development, consider co-location opportunities and unlock land for housing. Notably, DCC are working with NHS partners to consider the opportunities to co-locate a range of adult care services in North Devon with the potential to realise capital receipts from building and land value through a co-ordinated partnership approach. In addition, there are a range of other property related initiatives where DCC lead or support areas of work. For example, the Southern Construction Framework which DCC jointly hosts with another Local Authority to enable public bodies to commission their property construction work programme. Over the last 3 years this has supported projects in the geographical area of Devon to the value of circa £300 million (across a range of public sector organisations).

2.2.3 A DCC focus on energy management has successfully secured funding through the Zero Emissions Building Catalyst (ZEBCat), European Regional Development Fund supported programme which provides a capital grant of £200,000 (with DCC providing match funding) and a revenue grant of £86,000

over 3 years. In addition, from October 2018, DCC has secured revenue funding from the European Local Energy Assistance (ELENA) initiative for the South West Energy Programme (SWEP) across all partners for staff and external contractor costs. Other on-going energy related project funding continues to be actively explored through a dedicated energy manager.

3. Conclusion

- 3.1 Income generation within service areas has been achieved but progress has been sporadic and oversight dispersed. A more structured and cohesive approach could be achieved with some central coordination. This approach requires some strategic decisions to be made by the Council and may entail subsequent allocation of resource. These decisions will also determine how future monitoring and oversight is best conducted.
- 3.2 DCCs Estates Strategy has delivered significant capital receipts and revenue budget reductions; exceeding targets set out in the Corporates Estate Strategy.
- 3.3 The new Cabinet Member for Economy and Skills has expressed an interest in those services within his portfolio exploring any possibilities for further cost saving and income generation through a planned service delivery transformation process. An informative meeting with representatives from South Hams Council has already taken place and other fact-finding visits have been arranged.
- 3.4 The Corporate, Infrastructure & Regulatory Services Scrutiny may wish to consider its role in monitoring the progress of DCC income generation and efficiency saving strategies, taking into account any existing oversight provisions.

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Local Government Act 1972: List of Background Papers

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Background Paper	Date	File Ref.
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Nil