

## Income Generation Activity by other Local Authorities

**Eastleigh Borough Council** has been actively been pursuing the purchase of a range property assets which generate a high investment yield and is now the freehold owner of land let to a high profile mix of businesses including B&Q, Lloyds Bank, Wetherspoons, Matalan, Halfords, Pets at Home, Costa Coffee and Travelodge. The most ambitious acquisition has been the Ageas Bowl, home of Hampshire Cricket, where the council is investing £40 million, including the construction of a 4\* Hilton Hotel. Assets owned by Council have risen from £55 million to £188 million. Revenue surplus after borrowing and other costs is almost £2.5 million per annum<sup>1</sup>.

**Manchester City Council** has entered into a major roadside advertising contract, including significant media space, for the 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. The Council has also found significant opportunities in expanding the sale and distribution of energy with Manchester City Council as a trusted supplier. The benefits of this include the potential to generate revenue as well as reduce energy poverty<sup>2</sup>.

**Portsmouth City Council's** Income Generation Workstream (IGW) forms part of the council's Corporate Transformation Programme and aims to empower services areas to identify, investigate and realise potential sources of income bringing together legal, financial and commercial expertise from across the Council, as well as appointing two dedicated posts for business development and sales. Staff from across the council have been encouraged to utilise the IGW as a cohort of expertise; all staff suggestions are welcomed and collaborative work is undertaken to research and develop the ideas presented<sup>3</sup>.

**South Hams and West Devon Councils** have spent a considerable amount of time exploring the business case for the establishment of a company jointly owned by South Hams District Council and West Devon Borough Council for the purpose of delivering services to the communities of South Hams and West Devon, generating income by delivering services on behalf of other organisations, creating a vehicle which gives both councils a mechanism to generate profit from certain activities and ensuring the future viability of both organisations through appropriate strategic positioning in the public sector<sup>4</sup>. At their July Council meetings, both West Devon and South Hams Councils agreed to proceed with the implementation of the local authority controlled company, and a joint steering group was been established to take this forward.

Established in 2011, Red One built on **Devon & Somerset Fire & Rescue Service's** (DFSRS) well renowned fire fighter training academy, to establish a private limited company, owned by DFSRS, delivering specialist firefighting services. Training services

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<sup>1</sup> <http://www.local.gov.uk/documents/10180/5785771/Eastleigh+Borough+Council+-+Property+Acquisition/b31151f8-1b03-490b-989d-ee2808601268>

<sup>2</sup> <http://www.local.gov.uk/documents/10180/5785771/Manchester+City+Council+-+Advertising+and+Energy/e7977ebe-0908-4c47-9bf0-8712e2597183>

<sup>3</sup> <http://www.local.gov.uk/documents/10180/5785771/Income+Generation+Case+Study+-+Portsmouth.pdf/940472ec-a12f-4673-96ec-28c5e470dd7c>

<sup>4</sup> <http://mg.swdevon.gov.uk/documents/s596/Proposals%20relating%20to%20a%20Local%20Authority%20Controlled%20Company.pdf>

## Appendix

are sold to other fire authorities and the private sector, in as far reaching places as the Middle East, Malaysia and Thailand. Profits are transferred back to the shareholder Devon & Somerset Fire & Rescue Authority and used as the authority chooses. A key value of Red One, is that their commercial activity must not impact negatively on the core business.

In July 2015 **Dorset County Council** established a Local Authority Trading Company (LATC) for Adult Provider Services, including residential, nursing, respite, day care and reablement services. The LATC is able to provide care services to service users who are in receipt of direct payments, as well as to other local authorities and their service users, and private individuals. The LATC is 100% owned by the County Council and therefore there is the potential for profits to be transferred back to the Council to financially support other areas of social care or wider services.

Both **Cornwall Council** and **Somerset County Council** are developing strategic approaches to income generation. As well as focusing on developing those services with established income generation potential, both councils are working to promote commercial awareness and cultural change amongst staff, to help identify new income generation opportunities.