



Income Generation Research

July 2017

Purpose

This report aims to provide an overview of research on income generation within councils in the UK and to provide examples of councils who have successfully undertaken projects or have altered how they deliver their services to generate income for their area.

Background

Councils continue to look at alternative methods of delivering services to meet the increasing budget constraints that they are being faced with and for some councils this has been investigating a commercial approach in which to generate income by maximising the information and services that they provide.

This research has been undertaken to provide stimulus for Scottish councils to consider ideas but also to look at ways in which there may be opportunities for collaboration.

The 2017/18 Improvement Service business plan sets out our commitment to researching good practice and identifying opportunities for collaboration.

Furthermore, the research is linked into the work of the 'Increasing Income' working group chaired by Lesley Bloomer, South Ayrshire Council. The purpose of the group is to facilitate discussion on work underway in councils in relation to increasing income and any national work in this area, as well as to explore opportunities for future joint working.

For the purpose of this report the examples collated are of councils that have taken a commercial approach to delivering services and have used their assets or have traded services to others to generate income. These go beyond the standard fees and charges for council services.

The research for this report has been gathered through a desk-based exercise. We appreciate that this list is not exhaustive of work underway across the country however the information and examples gathered are those that are being promoted as case studies through websites such as the [Local Government Association](#) or that have been published in the press.

In undertaking the research there appeared to be several areas where there has been success in generating income, therefore the examples have been grouped together under the following themes:

- Advertising
- Property
- Energy and Waste
- Provision of Services to Others

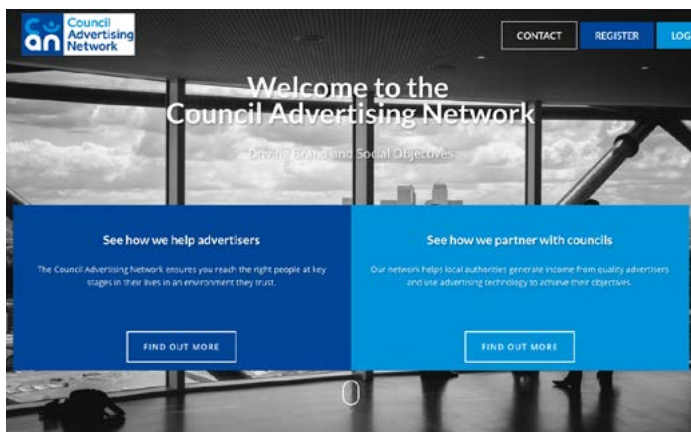
Case Studies

The following sets out a range of case studies of where councils have used their assets and services to generate income.

Information within the appendix signposts to additional information on each of the case studies and further examples of income generation within councils.

Advertising

1. Council Advertising Network



Multiple Councils Involved

Birmingham City Council have, along with Derby City Council, founded the 'Council Advertising Network'. This network allows councils to gain financially from advertising on their own council website without significant investment and risk.

With channel shift driving more people to access council services online, there is the opportunity to gain from digital advertising.

The Council Advertising Network is a group of councils (to date over 30 councils) who command the attention of big advertisers and agencies offering premium rates for large and relevant segmented audiences. Currently there are no Scottish councils involved, however COSLA is as part of the My Job Scotland. Campaigns are managed so that the advertising meets the criteria appropriate for local government. Some campaigns are even in line with the council's overarching objectives, for example, to increase the energy-efficiency of people's homes.

The management of advertising is provided as a service and there are no set up fees. The cost of running the network is funded from a share of the revenue generated from advertisement. The network is forecast to generate over £1 million in the first year without an adverse effect on user journeys or transactions or negative feedback from members of the public.

2. Portsmouth City Council



Portsmouth
CITY COUNCIL

Population 207,100¹ | Urban² |
Conservative Majority³

The Income Generation Workstream was designed to identify, investigate and realise potential sources of

income within Portsmouth City Council. Part of the workstream focused on advertising and sponsorship opportunities and this is now generating more than £200,000 per year.

One example of work from advertising has been developed from the Les Miserables filming in the city. The Income Generation Workstream took a pro-active approach to marketing the city as a film-friendly destination. A new brochure and location library were developed, links were made with creative agencies, and relationships built with location scouts and production companies. Since the introduction, there have been more than 90 different projects undertaken in the city. The income generated goes directly into the council but there are also benefits to the local economy with film crews staying in local hotels and spending whilst working in the area.

3. Harrow City Council



Population 243,400⁴ | Urban |
Labour Majority⁵

The [Harrow Deals platform](#) is designed similarly to Groupon, where local residents can get exclusive discounts and offers from local and national businesses. There are also national deals including

Amazon and Groupon. The project was launched by the council and revenue is projected to be in excess of £100,000 during the first 12 months of the service.

1. www.portsmouth.gov.uk/ext/business/business/portsmouths-key-statistics.aspx
2. www.gov.uk/government/uploads/system/uploads/attachment_data/file/591466/Local_Authority_Districts_ranked_by_rural_and_rural-related_populations_with_Rural_Urban_Classification.pdf
3. <http://democracy.portsmouth.gov.uk/mgMemberIndex.aspx?FN=GROUPING&VW=LIST&PIC=0>
4. www.harrow.gov.uk/info/200088/statistics_and_census_information/968/population_estimates
5. https://docs.google.com/spreadsheets/d/16IFv9jsi1An_8ULzm6MldnadpnMZNq4uIsp8_xvF_Q/edit#gid=0

Property

4. Eastleigh Borough Council



Population 125,000⁶ | Urban | Liberal Democrat Majority

Eastleigh Borough Council's main area of income generation has been purchasing property to then generate rental income. By 2015, expenditure

(financed principally by borrowing) reached over £100 million and includes a range of assets such as shops, banks, pubs and offices. According to the latest valuation, assets have risen from £55 million to £188 million with a revenue of £2.5 million per annum.

Key to the strategy has been that each purchase must provide a good financial return at an acceptable risk and provide a cost-effective contribution to achieving community or council priorities. Staff have been recruited from the private sector to support this work as it was recognised there were a lack of skills in house to deliver this project.

5. Guildford Borough Council



GUILDFORD
B O R O U G H

Population 139,700⁷ | Urban | Conservative Majority

Similar to Eastleigh Borough Council, Guildford Borough Council

has an asset strategy in place which is focused on acquiring investment property and generating income through rental. The strategy links to the economic direction of the council in terms of growth and investment and there is a strict criteria in place that must be met before investment. In 2014, the project was allocated £25 million from capital investment and it is anticipated that this will take 12 years to be recovered. Rental income is anticipated to reach £2 million by 2018.

6. www.eastleigh.gov.uk/media/84575/EverythingEastleigh-PartB-Population-20131010.pdf

7. xxxx

Energy and Waste

6. Manchester City Council



**MANCHESTER
CITY COUNCIL**

Population 530,300⁸ | Urban |
Labour Majority

Manchester City Council is generating income through the sale and distribution of energy. The benefits of the service include the potential to generate revenue as well as reduce energy poverty. Furthermore, it is an opportunity to protect council residents and businesses against significant energy price increases and provide a step change in carbon reduction initiatives.

7. Peterborough Council

PETERBOROUGH



Population 193,740⁹ | Mixed Rural
and Urban | Conservative Majority

Peterborough Council has created an arm's length organisation – Blue Sky Ltd – which is focused on facilitating investment and development of renewable energy generation projects as well as energy efficiency initiatives. The company has partnered with British Gas and is the first council to partner with the company. Benefits to residents include lower fuel prices which in turn means more available money for spending into the local economy; it is also focused on supporting low income families with energy efficiency measures such as cavity insulation.

8. www.manchester.gov.uk/info/200088/statistics_and_census/438/public_intelligence

9. www.peterborough.gov.uk/council/about-peterborough/population/

8. Cheshire East Council



Population 370,000¹⁰ | Mixed Rural and Urban | Conservative Majority

Cheshire East Council has established several arm's length organisations, one of which is focused on energy. Similar to Manchester City Council, Cheshire East Council is working in partnership with an energy supplier to provide competitive energy pricing for residents and therefore supporting those in fuel poverty.

In addition, another of their arm's length organisations is for waste management for household and commercial waste collections. Estimated efficiency savings of the waste management service is around £2.5 million over five years as well as generating income into the council. The service will still work towards recycling targets and meeting customer satisfaction rates and now has one of the highest recycling rates in England. The next stage of development is for the organisation to provide services to other council areas.

Provision of Services to Others

Recruitment

9. Wolverhampton City Council



Population 249,000¹¹ | Urban | Labour Majority

Wolverhampton City Council established an arm's length company (YOO) in 2014, to provide local people with local jobs. Initially the project was to reduce expenditure on temporary and interim workers within the council and this has now expanded. In the first year, the company had a turnover of £1.2 million and a gross profit of £141,000 with expected increase on profit as the company develops.

10. www.cheshireeast.gov.uk/council_and_democracy/council_information/research_and_consultation/census/census.aspx

11. www.wolverhamptoninprofile.org.uk/profiles/profile?profileId=14&geoTypeId=26&geolds=Wolverhampton#iasProfileSection2

Revenues and Benefits

10. Reigate and Banstead Borough Council



Population 137,000¹² | Urban | Conservative Majority

Reigate and Banstead is providing core revenues, benefits and fraud services to other councils and partners. Services that they provide include council tax

and business rates billing and recovery; debt recovery; fraud investigations. To date, Reigate and Banstead has been supporting councils in the Surrey area but as the model develops then there is the potential to expand elsewhere. 2016 was the first year that the service was introduced and by 2018/19 it is hoping to generate £100,000.

Crowd Funding

11. Angus Council



Population 116,900¹³ | Mixed Urban and Rural | Coalition Independents, Conservative and Liberal Democrat¹⁴

Crowdfund Angus is a crowdfunding platform that allows businesses, individuals and community groups to campaign for funding to achieve their goals. Through the portal, Angus Council works in partnership with local agencies and services, such as

those in further education who can create a project on the platform. The idea is then shared with the community who pledges cash in return for the reward of the project being launched. Crowdfund Angus launched in August 2015 and has raised over £372,000 for local people and community groups. The initial target of £100,000 has been increased to £250,000 by August 2016.

12. www.reigate-banstead.gov.uk/info/20211/facts_and_figures/360/population_of_reigate_and_banstead

13. www.nrscotland.gov.uk/files/statistics/council-area-data-sheets/angus-factsheet.pdf

14. www.cosla.gov.uk/councils/political-control

Conclusion

The information gathered provides a range of examples of how councils have maximised their existing services and information to generate income streams into the council.

Although each local authority differs significantly in terms of demographics, geographies and political drivers there are similarities to be drawn in terms of the areas where there are opportunities for generating income.

The information provided is intended as an initial desktop research and will be added to as more information is available. In addition, the Improvement Service will be undertaking a scoping exercise on Intellectual Property Rights and what the potential could be if it is intelligently exploited.

It is hoped that the research provides a stimulus for developing opportunities both within and across councils.

Appendix 1: Additional Information

Case Study Addition Information

1. Council Advertising Network

- a. www.counciladvertising.net
- b. www.local.gov.uk/network-councils-generates-digital-advertising-income

2. Portsmouth City Council

- a. www.local.gov.uk/income-generation-workstream-aims-identify-and-release-potential-sources-income

3. Harrow City Council

- a. www.harrow.gov.uk/homepage/256/harrow_deals?WT.ac=harrow_deals

4. Eastleigh Borough Council

- a. www.local.gov.uk/using-property-investment-boost-commercialisation

5. Guildford Borough Council

- a. www.local.gov.uk/asset-investment-strategy-supports-local-businesses-and-brings-income-council

6. Manchester City Council

- a. www.local.gov.uk/exploring-commercial-opportunities-boost-councils-income

7. Peterborough City Council

- a. www.local.gov.uk/saving-through-energy

8. Cheshire East Council

- a. www.local.gov.uk/councils-best-fit-approach-review-services-and-how-they-are-used-make-savings
- b. www.cheshireeast.gov.uk/council_and_democracy/council_information/media_hub/media_releases/council%27s-ansa-company-to-deliver-savings-for-two-more-authorities.aspx
- c. www.letsrecycle.com/news/latest-news/council-owned-waste-firm-to-seek-collection-deals/

9. Wolverhampton City Council

- a. www.yoorecruit.com/
- b. www.local.gov.uk/council-forms-company-handle-its-interim-and-temporary-recruitment

10. Reigate and Banstead Council

- a. www.local.gov.uk/developing-strategic-partnerships-private-sector-organisations

11. Angus

- a. www.crowdfunder.co.uk/angus

Income and Commercialisation Resources

The Local Government Association, has developed guidance on commercial activity and income generation. In addition to those noted above, there is a range of additional case studies that may be of interest. Further information can be found at:

www.local.gov.uk/our-support/efficiency-and-income-generation/commercialisation



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