

# Public Document Pack

## Items Tabled at Meeting – PAC 16.03.16

### Part 1

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## **ADDENDUM – Public Accounts Select Committee – 16<sup>th</sup> March 2016**

### **Income Generation**

#### **Recommendation to M&C**

**That the work undertaken by this committee to identify an income stream and potential partner through a wireless concession be endorsed and secured as soon as possible to ensure that the high level of potential income identified by this review is realised.**

1. The Council have been reviewing two main options in appointing a partner to generate income through wireless technology installed on council assets. As part of the exercise there has been a full mapping of council assets, which include lamp posts, CCTV columns, buildings and the HRA estate.
2. One option is to partner with a company called Shared Access who the Council have been liaising with since September 2015. They have shown significant interest in utilising the council's assets to generate revenue and are confident there would be substantial interest from network operators. The council have been quoted two pricing plans; a £5,000 upfront payment plus a £1,000 annual revenue stream for each small cell, or £2,000 per annum per small cell with no upfront fee. Shared Access also offer 'non-exclusivity' meaning the Council could use other partners as well if it so wished. This would not be a concession contract, but done on a site by site basis.
3. A second option is to package up the council assets and offer them out to the market using LB Harrow's small cell concession framework agreement. The framework is available for use by local government as per the OJEU and is due to start in early May 2016. Using the framework would mean that potential partners have already been through a tender process assessing their knowledge and ability to deliver a small cell concession contract. As such, the assessment criteria would predominantly focus on price and any Lewisham specific criteria. Advice from Eclipse Research leads the council to believe there is generally more interest in the inner London travel zones and that the council is likely to get a price of around £500 per annum per small cell.
4. The amount of demand for Lewisham assets is still unclear. The Council will continue to work with a number of sources to obtain a better understanding of the potential revenue to be gained through wireless technology.
5. Other local authorities, such as Southend, Watford and Edinburgh, have managed to obtain a substantial level of social value through their wireless concession procurements. This has predominantly involved free WIFI for community centres and housing blocks to improve social inclusion. This should be taken into consideration when choosing the Councils partner.

## Appointment of Commercialisation Specialist

1. Like many councils, Lewisham Council faces significant financial challenges and members are keen that the council explores all the options for raising income to supplement the resources available to the Council.
2. Officers are looking at a couple of strands to this challenge to engage the right person or a combination of people to do this.
3. The first strand of work is to engage a commercial specialist to undertake a focused piece of research with Heads of Service/Executive Directors to map out precisely what the council needs around income generation and commercialisation and where this might be best gained. This will be done in two parts:
4. The first part is to establish a description of how the market for fees and charges and traded activity operates and then provide local baselines for these services in terms of the legal basis for charges, the costs of delivery and whether they are being recovered fully, the approach to charging, and the current organisation of delivery.
5. The second part is to develop options for the future range of services of this type, the charging basis for those services, and potential models for delivery that address the range of risks inherent in the information set out in the background above. This piece will also be used to inform and brief the incoming commercial specialist, the longer term appointment and will focus on broader commercial activity and cultural change.

### The indicative timetable for Strand One:

Invitation to tender responses by noon	29 <sup>th</sup> March 2016
Interviews to discuss proposals	5 <sup>th</sup> April
Appointment of successful bidder	6 <sup>th</sup> April
Completion on part one report	3 <sup>rd</sup> June
Completion of part two report	15 <sup>th</sup> July

6. For the second strand of work is for the engagement of a longer term commercial specialist. Officers have had some conversations with Penna recruitment consultants who are currently undertaking a search for this senior post. This person would be engaged for a period of one year to 18 months with the specific remit to use that research and help the organisation maximise its opportunities and adapt the culture to one that is more commercial.
7. A couple of CVs have been received today, with some further CVs expected over the course of the next couple of weeks as the search continues.
8. It is expected that the post-holder will be committed to supporting the organisation in building commercial capacity in teams and support the commercial change across the organisation and to develop strong working relationships with internal and external stakeholders on developing effective income and commercials strategies.
9. It would be helpful to have some member support in the appointments process for this post in terms of reviewing the CVs and interviewing. Please note, these are much sought after positions at the current time, but depending on availability, the appointment and commencement of the specialist could be achieved by mid to late April 2016.

## Financial Services – March 2016

## LGC

### 'Huge overheads' kill Shropshire outsource company

19 FEBRUARY, 2016 BY MARK SMULIAN

Shropshire Council is to close its wholly owned outsourcing operation after it secured minimal external business and suffered from "huge overheads".

Inspiring Partnerships and Enterprise (IP&E) was the brainchild of former leader Keith Barrow (Con), who resigned as a councillor in December after being criticised by a standards inquiry for failing to declare an interest in the appointment of IP&E's auditor.

Speaking at IP&E's launch in October 2012, Cllr Barrow said the company would "create new jobs for local people which will be a big boost to Shropshire's economy".

IP&E's latest accounts show it had revenue of £1,162,402 and sales to Shropshire of £1,145,785, a difference of only £16,617.

A Shropshire statement said IP&E would cease trading on 31 March following a cabinet review of its work.

Chief executive Clive Wright said the review had "uncovered compelling reasons why the company should not continue".

Mr Wright added: "Unfortunately, despite everyone's valued dedication, IP&E just isn't making the profit it was expected to, or delivering sufficient savings for the council quickly enough.

"One of the reasons for this is the huge overheads placed on the company before it had established trading externally."

He later elaborated that the overheads arose from IP&E deciding to "acquire buildings, appoint senior staff and otherwise grow their overheads out of proportion to their traded activity or forecast projections.

"It is these overheads that made the overall trading position of the company unviable."

Leader Malcolm Pate (Con) said: "Staff will transfer back to the council and services will now once again be delivered by the council in a much more efficient way."

IP&E was originally led by Tom Roehricht, a former marketing director of swimwear firm Speedo Europe, who left after eight months and was later succeeded as chief operating officer by Nicki Beardmore, Shropshire's director of resources and support.

Shropshire initially transferred catering, cleaning, facilities management, finance, personnel, IT, legal and print services to IP&E, later adding a raft of other services including communications, public health advice, development management, building control, public protection and regulation of private sector housing.

Council companies set up to sell services have had a chequered history, with only Cambridgeshire and Northamptonshire CCs' jointly owned Local Government Shared Services operation appearing to have secured significant external business.

