

LEWISHAM FUTURE PROGRAMME – SAVINGS REPORT APPENDICES – SEPTEMBER 2015

APPENDIX 4 – SAVINGS PROPOSALS FOR SCRUTINY, SECTION G

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Section G: Income Generation

G2: Various approaches to income generation

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Includes: Advertising
Wireless Concessions
Regulatory restrictions and treasury management
Sundry debt collection.
Parking: Review service level arrangements.

1. Savings proposal	
Proposal title:	Various approaches to income generation
Reference:	G2
LFP work strand:	Income Generation
Directorate:	Cross-Council
Head of Service:	Selwyn Thompson (lead)
Service/Team area:	Various areas
Cabinet portfolio:	Resources
Scrutiny Ctte(s):	Public Accounts

2. Decision Route			
Saving proposed:	Key Decision Yes/No	Public Consultation Yes/No	Staff Consultation Yes/No
a) Advertising	N	N	N
b) Wireless concessions	N	N	N
c) Regulatory restrictions and treasury management	N	N	N
d) Sundry debtor collection	N	N	N
e) Parking income	N	Y	Y

3. Description of service area and proposal
Description of the service area (functions and activities) being reviewed:
<p>The Council generates in excess of £100m of income from fees, charges and other service income from a variety of sources. This revenue is increasingly important with government budget reductions meaning that the Council is required to implement significant savings over the short to medium term. While income will play a critical role in meeting this challenge, it must be undertaken in a clear, transparent and consistent way.</p> <p>The guiding principle of the income generation strand is to ensure that income can be a means by which to ensure a service is sustainable in the longer term. Proposals in this summary paper suggest that officers could implement measures to generate sustainable income of £1.050m for 2016/17 and a further £0.250m in 2017/18. These proposals currently exclude the ongoing review of fees and charges. This is a significant piece of work and officers are expected to bring further proposals forward on this in due course.</p>
Saving proposal
<p>Proposal 1: Increasing advertising income £0.300m</p> <p>This proposal seeks to exploit advertisement opportunities in the borough. A recent audit of the borough was undertaken, identifying key locations where advertising would work well. It provided some reasoned indications that sustainable income of some £0.300m per annum could be achieved by a mixture of large format digital and non-digital advertising at various sites in the borough. This level of income is based on the likely guaranteed fixed rents payable to the Council and reflects assumptions</p>

3. Description of service area and proposal

regarding commissions, discounts, voids and capital amortisation.

Proposal 2: Wireless concessions £0.200m

This proposal looks to implement a concession licensing arrangement for use of street furniture to install wireless networking equipment in exchange for income to the Council. This is expected to accelerate the take-up of wi-fi in areas where no or limited coverage exist. Proposals around phone mast installations are also being investigated. There are some caveats to these proposals, namely the PFI contracts that much of our street furniture is subject to. Careful legal discussions with our partners and contractors are necessary. Also there is a possibility that it may be harder to secure the levels of income in a borough without so many areas of high footfall and further investigation into the predicted costs and potential revenue would be needed. An annual target return of £0.200m would seem reasonable when benchmarked against the deals other local authorities have secured.

Proposal 3: Review of regulatory restrictions for the HRA, DSG and Capital Programme and review of treasury management £0.300m

In the latter half of 2015/16, officers will examine the regulation restrictions for the Housing Revenue Account (HRA), the Dedicated Schools Grant (DSG) and the Capital Programme. This is to ascertain whether or not it's possible to further push the boundaries for charges to these accounts, thereby releasing general fund resources. This detailed desktop exercise has begun and a target of £0.200m on going would appear realistic for 2016/17. For treasury management, first year proposal which focused on achieving greater gains from investments on treasury management activity, this proposal looks at a comprehensive review of the long term debts the Council has to assess options for debt rescheduling and debt redemption. This proposal will be dependent upon market conditions and the willingness of counterparties to enter negotiations on revising their loan books. An annualised equivalent saving target of some £0.100m would seem realistic at this stage.

Proposal 4: Review of sundry debtor collection - estimated 'saving' (improved performance on collection) £0.250m 2016/17

A review of sundry debtor collection will be carried out in 2015/16 with a target to improve collection by at least 1% which is equivalent to £0.250m. The review, led by the Head of Public Services, will look at the end to end process for sundry debtor collection; review the use of technology and the staffing arrangements. The current arrangements are that services raise invoices and where these remain unpaid they are followed up by the central sundry debt collection team using the new Oracle system. These arrangements will be comprehensively reviewed using external expertise to ensure we have the best structure in place which is following an effective process and making the most of the technology available.

Proposal 5: Parking - review of income £0.250m 2017/18

The Council reviewed its parking policy in 2012/13. On the 10 April 2013 Mayor and Cabinet agreed 37 recommendations which led to a revised parking policy. Recommendation 10 set out that the Council would freeze parking charges at the current levels until 2015/16 and review annually thereafter. Recommendation 11 set out that the Council would consult on any future charge increases that exceeded inflation.

3. Description of service area and proposal

The Council's parking policy has to balance the needs of those living, working, visiting and trading in the borough as well as ensuring that the cost of parking controls is met. Complicating matters further is the increase in car ownership and the insatiable demand for parking spaces along with the need to reduce the harmful effects of car use on the environment. The Council's parking charges reflect the need to not only cover the costs of delivering parking controls but also managing these issues.

The parking charges are fixed in accordance with the requirements of the Road Traffic Regulation Act 1984. Section 122 of the Act imposes a duty on the Council to use them to '*secure the expeditious, convenient and safe movement of vehicular and other traffic including pedestrians and the provision of suitable and adequate parking facilities on and off the highway*'.

Charges were set at a level which is in line with the median level in London. Setting charges at that level ensured that the borough did not become a 'car park' for those travelling into London from the south east. It also ensured the Council continued to meet the objectives set out above and comply with the requirements of Section 122 Road Traffic Regulations Act 1984.

The Council's fear of becoming a 'car park' for commuters is very real. The introduction of the congestion charge in 2003 saw the number of commuters driving into central London reduce but the risk was and remains that they park in car parks in the surrounding areas. The Council has multiple transport links into central London which makes it a very real risk. This is especially the case as Lewisham is just inside zone 2 with cheaper fares and at the end of the Docklands Light Railway. Added to this is the fact that access to Lewisham and its car parks is relatively easy for commuters driving into to London but becomes more difficult the further into London they travel as travel times' increase.

The charges were last increased in 2011. A review of the changes to maintain the arrangements detailed above will lead to an increase in income.

The parking policy review also led to a controlled parking zone programme of reviews of existing arrangements and the implementation of new zones. Whilst the review of existing zones is likely in some cases to lead to a loss of income and there is a cost of reviewing and implementing zones overall there is likely to be an increase income.

It is estimated that increased charges and the controlled parking zone programme will lead to an additional income of £0.250m.

4. Impact and risks of proposal

Outline impact to service users, partners, other Council services and staff:

Impact discussed above

Outline risks associated with proposal and mitigating actions:

The key risk with all of these proposals is a failure to meet income targets as a result of a drop in service demand. This is particularly relevant to the parking proposal. Other factors to be mindful of include the economic climate, legislation or changed to government regulations. Analysis will be undertaken to model the potential impacts to mitigate risks wherever possible and the income generation project board will remain in place to keep oversight on the impact of the changes.

4. Impact and risks of proposal

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5. Financial information

Controllable budget:	Spend £'000	Income £'000	Net Budget £'000
General Fund (GF)			
HRA			
DSG			
Health			
Saving proposed:	2016/17 £'000	2017/18 £'000	Total £'000
a) Advertising	300		300
b) Wireless Concessions	200		200
c) Debt Management	300		300
d) Sundry Debt Collection		250	250
e) Income	250		250
Total	1,050	250	1,300
% of Net Budget	%	%	%
Does proposal impact on: Yes / No	General Fund	DSG	HRA
	Yes	No	No
If impact on DSG or HRA describe:			

6. Impact on Corporate priorities

Main priority	Second priority	Corporate priorities
10		1. Community leadership and empowerment 2. Young people's achievement and involvement 3. Clean, green and liveable 4. Safety, security and a visible presence 5. Strengthening the local economy 6. Decent homes for all 7. Protection of children 8. Caring for adults and the older people 9. Active, healthy citizens 10. Inspiring efficiency, effectiveness and equity
Impact on main priority – Positive / Neutral / Negative	Impact on second priority – Positive / Neutral / Negative	
Positive		
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	
High		

7. Ward impact

Geographical impact by ward:	No specific impact / Specific impact in one or more
	No specific impact
	If impacting one or more wards specifically – which?

8. Service equalities impact

Expected impact on service equalities for users – High / Medium / Low or N/A			
Ethnicity:		Pregnancy / Maternity:	

8. Service equalities impact			
Gender:		Marriage & Civil Partnerships:	
Age:		Sexual orientation:	
Disability:		Gender reassignment:	
Religion / Belief:		Overall:	
For any High impact service equality areas please explain why and what mitigations are proposed:			
Is a full service equalities impact assessment required: Yes / No			No

9. Human Resources impact	
Will this saving proposal have an impact on employees: Yes / No	No

10. Legal implications
State any specific legal implications relating to this proposal:
To be reviewed by Legal Services

11. Summary timetable	
Outline timetable for main steps to be completed re decision and implementation of proposal – e.g. proposal, scrutiny, consultation (public/staff), decision, transition work (contracts, re-organisation etc..), implementation:	
Month	Activity
August 2015	Proposals prepared (this template and supporting papers – e.g. draft public consultation)
September 2015	Proposals submitted to Scrutiny committees leading to M&C on 30 September
October 2015	Consultations ongoing
November 2015	Consultations ongoing and (full decision) reports returned to Scrutiny for review
December 2015	Consultations returned to Scrutiny for review leading to M&C for decision on 9 December
January 2016	Transition work ongoing
February 2016	Transition work ongoing and budget set 24 February
March 2016	Savings implemented

