

Mayor & Cabinet			
Title	Responses to the recommendations from the Public Accounts Select Committee – Income Generation		
Key Decision	No	Item No	
Contributors	Executive Director for Resources and Regeneration		
Class	Part 1	Date	2 March 2016

1. Purpose

- 1.1 This report responds to the recommendations arising from the Public Accounts Select Committee on its recent in depth review into income generation.

2. Recommendations

- 2.1 The Mayor is recommended to approve the proposed responses to the recommendations of the Public Accounts Select Committee as set out in Section 3 of this report and report these to the Overview & Scrutiny Committee.

3. Responses

The income generation review was scoped in March 2015. As part of the review, the Committee held three separate evidence sessions. The first highlighted good practice from other councils or public bodies; the second expanded on this and heard from expert witnesses in other councils and public bodies and the third and final session looked more closely at some of the existing proposals from officers on maximising income generation. The Committee made the following recommendations for the Mayor & Cabinet.

3.1 Recommendation 1

- 3.1.1 **That a commercialisation ethos be endorsed and embedded throughout the Council as a method of protecting services to residents whilst maintaining a public sector ethos. Generating income should be seen as a means of protecting services and reducing further cuts. The more self-funding a service can be, the greater the resilience it has to withstand further reductions in funding.**

- 3.1.2 The council has already made revenue budget savings of £121m since May 2010 and had recently proposed further savings of some £17m in setting the 2016/17 budget. The severity of these budget reductions has meant that methods of protecting services, such as sustainable income generation have become increasingly important.

- 3.1.3 Officers will continue to explore all possible options to supplement available resources to the council. Being a public body, there are of course limitations on where monies can be generated and in many of our administrative functions such as licensing, planning and some areas of regulation, a nationally determined fee is prescribed or a local fee can be set to recover costs, but does not make the

council a profit. Notwithstanding such limitations, officers are considering how the council can provide certain services which can return profits that can supplement the council's general fund.

3.2 Recommendation 2

3.2.1 **That a commercialisation specialist be appointed at senior officer level as soon as possible, to lead and develop the organisational changes needed to deliver this new commercial approach.**

3.2.2 Officers are currently undertaking a search for a specialist in the broad area of 'commercialisation'. Discussions have been had with a number of other local authorities to date about their own experiences. Furthermore, a search with recruitment consultants who specialise in these types of appointment has been recently initiated. The appointment will build upon work recently commissioned where a specialist in education has been engaged to undertake a strategic review of council services traded with schools.

3.3 Recommendation 3

3.3.1 **That the portfolio of one cabinet post be amended to include specific responsibility and accountability for commercialisation and income generation and all cabinet posts portfolios include considering income generation options.**

3.3.2 The Mayor has agreed that the Cabinet Member for Resources shall have an express responsibility and accountability for pursuing income generation, including commercialisation

3.3.3 All Cabinet members need to be involved in both identifying appropriate opportunities and evaluating the impact of such opportunities consistent with our priorities for equity and fairness.

3.4 Recommendation 4

3.4.1 **That support for staff be embedded in any process or culture change within the Council. The Committee note that commercialisation can feel challenging and staff, managers and elected members need to be guided and supported through the process.**

3.4.2 The cultural shift in moving staff and members to becoming more commercially focused is of course inherently difficult and will undoubtedly be a major challenge for the organisation. As the council moves more to this position, the guidance emerging from the human resources department, as well as senior management teams across the council, will be paramount to making this transition a successful one.

3.5 Recommendation 5

3.5.1 **That all Heads of Service be engaged in the process of moving to an increasingly commercial culture and in identifying income streams.**

3.5.2 All Heads of Service need to be involved in both identifying appropriate opportunities and evaluating the impact of identifying either once-off or on-going and sustainable income streams for their respective service areas. It is important that in seeking out such opportunities, officers of the Council remain consistent with the Council's priorities for equity and fairness.

3.6 Recommendation 6

3.6.1 **That in addition to a 'top down' approach to identifying commercial strategies and income streams, a 'bottom up' approach be encouraged for front line staff to report areas where they feel fee levels are wrong and to identify new areas of potential income streams. A platform for staff to do this should be created with clear feedback provided.**

3.6.2 The recent Talkback employee survey asked employees for their ideas on how we might make savings in their areas. This generated several ideas, a number of which were related to income generation. The Lewisham Future Programme Board will be considering the ideas in due course. A forthcoming briefing to the Council's managers on Talkback will include the need to ensure that staff are encouraged to contribute to ideas for income generation and charging mechanisms.

3.6.3 Back in March 2014, the council launched a new way for staff to suggest ideas to work with each other to develop them. This social media tool entitled **We.Create** continues to be used by staff across the council. Staff can submit, comment and vote on ideas and suggestions for change. These ideas feed directly into the decisions made by the Lewisham Future Programme Board and where ideas are taken forward, if practical, those officers who have suggested them are involved in their delivery.

3.7 Recommendation 7

3.7.1 **That the true costs of Council services be understood to ensure that when full cost recovery is sought, it is based on accurate cost figures.**

3.7.2 Officers have already conducted considerable work in this area. The Mayor & Cabinet recently adopted the income generation strategy. The Income Board is carrying out a comprehensive review into fees and charges. These are important as the Council does not want to subsidise from the general fund, administrative functions for which the government determines the fee. Understanding how the costs of our services are structured is essential and officers will continue to attempt to reduce our administrative costs to the fee structure, otherwise the council tax payer is subsidising an activity which is supposedly paid for by the applicant. The results of this work will be reported to the Public Accounts Select Committee in due course.

3.8 Recommendation 8

3.8.1 **That any restructures within the Council ensure the right grade of staff for the work. It is costly to have the wrong grade of staff carrying out certain tasks and management structures should be studied closely with analysis based on role breakdowns and not just title and grade. This is to ensure that services can be profitable or cost neutral by making as efficient use of all skills as possible.**

3.8.2 The human resources department works closely with service managers to ensure that any restructure meets the needs of the service, taking into account roles and skills that will meet future demands. The human resources officers provide advice and guidance to managers to ensure that job descriptions accurately reflect the roles and responsibilities required for the service.

The council uses the GLPC job evaluation scheme. This scheme provides an analytical approach to evaluating jobs based on various factors which determine the grade for the job. Furthermore, as part of the job evaluation process, jobs are benchmarked against other similar roles to ensure that the right grade is awarded for the duties undertaken.

Furthermore, the Hay evaluation scheme is used for senior manager job evaluation in the Council. The Hay Group method analyses roles using three broad elements which determine the size and importance of any job, which are accountability, problem solving and know-how.

3.9 Recommendation 9

3.9.1 **That the Council's "Contributions" to non-statutory services be thoroughly analysed to help make difficult choices. Some services are routinely being subsidised at higher rates than others purely due to annual and historic price rises affecting costs differently across services. If there is subsidy from the Council it needs to be properly assessed and based on policy not applied randomly from historic price uplifts and ineffective cost analysis of inflationary increases.**

3.9.2 The response on fees and charges which has been described in paragraph 3.7 above is also relevant to this recommendation. It should be noted that the fees and charges policy has an underlying principle of full cost recovery.

3.10 Recommendation 10

3.10.1 **That examples of best practice from other local authorities be continued to be studied as routine to ensure that the Council is considering all potential options to help protect services.**

3.10.2 The Income Board is now a well-established officer task group and imbedded within its terms of reference is to undertake routine environmental scanning activity to ensure that best practice from other local authorities and public bodies

are considered in the context developing the council's income generation and commercial strategies.

4. Financial Implications

4.1 There are no specific financial implications arising from this report.

5. Legal Implications

5.1 There are no specific legal implications arising from this report.

5.2 The Constitution provides for Select Committees to refer reports to the Mayor and Cabinet who are obliged to consider the report and the proposed response from the relevant Executive Director and report back to the Committee within two months, not including recess.

6. Equalities Implications

6.1 There are no specific equalities implications arising from this report.

7. Crime and Disorder Implications

7.1 There are no specific crime and disorder implications directly arising from this report.

8. Environmental Implications

8.1 There are no specific environmental implications directly arising from this report.

BACKGROUND INFORMATION

If you have any queries on this report, please contact Selwyn Thompson, Head of Financial Services on 020 8314 6932