

Mayor and Cabinet			
Report Title	Response to comments by the Public Accounts Select Committee on Income Generation		
Key decision	No	Item No	
Contributors	Interim Chief Finance Officer		
Class	Part 1	Date	10 October 2019

1. Purpose of Report

- 1.1. To consider and respond to matters raised by the Public Accounts Select Committee and initially considered by Mayor and Cabinet on 26 June 2019.

2. Recommendations

- 2.1. Mayor and Cabinet are recommended to:

- i. Note officer comments as set out in this report; and
- ii. Consider whether to provide a response to the Public Accounts Select Committee (PASC) in line with those comments.

3. Public Accounts Select Committee views

- 3.1. On Thursday 13 June 2019, the Public Accounts Select Committee considered the Committee's income generation and commercialisation report.

- 3.2. The Committee resolved to refer the Committee's report to Mayor and Cabinet.

- 3.3. Mayor and Cabinet was recommended to:

- i. Note the views and recommendations of the Committee set out in the main report at Appendix A.
- ii. Agree that the relevant officers be asked to respond (where applicable) to the review's recommendations.
- iii. Ensure that a response is provided to the Public Accounts Select Committee.

4. Officer Comments

- 4.1. The relevant officer has been asked to respond (where applicable) to the reviews recommendations which are set out below.

- i. The role of the Committee's rapporteur should continue.

- ii. The cuts programme should be carefully monitored to ensure that the benefits from income generating proposals are realised and that the risks minimised.
- iii. Consideration should be given to new ideas for income generation, including: the potential options for a new social care staffing agency; and implementing a school solar project as per the work done by West Sussex -in line with our Emergency Climate Change commitment.
- iv. Members should have the option to attend a member focused session of the new commercialisation and culture change training that is being developed for staff.
- v. The Council should be bold and consider prototyping different approaches to creating new markets.
- vi. Corporate support should continue for the strategic procurement and commercial services function.
- vii. A mechanism should be created within the council -whereby officers and members can make suggestions and work up ideas.

4.2. Officer's responses to items ii, iii, iv, vi, and vii are set out below.

The cuts programme should be carefully monitored to ensure that the benefits from income generating proposals are realised and that the risks minimised

4.3. The cuts programme forms part of the regular budget monitoring process as once approved the relevant service budgets are amended to reflect the agreed proposal, including where this pertains to income generation. In addition to the monthly budget monitoring which is reviewed corporately the quarterly updates on the medium term financial strategy and the financial forecasts report on the achievement of the agreed cuts programme. Furthermore the annual review of fees and charges in preparation of the Fees and Charges report as part of the budget setting process provides further scrutiny and challenge to income generation as part of fees and charges services. These different forms and forum of financial monitoring collectively ensure that income generation proposals are monitored regularly and that benefits are maximised and risks minimised.

Consideration should be given to new ideas for income generation, including: the potential options for a new social care staffing agency; and implementing a school solar project as per the work done by West Sussex -in line with our Emergency Climate Change commitment.

4.4. The Income Generation Strategy 2019 – 2021 clearly sets out a robust process for the development, refinement, challenge and then adoption of business cases for all new income generation proposals. This ranges from the annual setting of fees and charges to the introduction of new fees and charges but also allows for the introduction of wholly new schemes.

4.5. As part of the Council's corporate strategy commitment to consider in-sourcing all services currently provided through a contract which is reaching the end of its initial term is subjected to an options appraisal process utilising a model developed by the Association of Public Sector Excellence (APSE) and tailored for the Council. This framework allows consistent review of these services. The options appraisal which will be undertaken prior to the current managed agency contract expiring 30 March 2021 will include consideration of the establishment of a publicly owned staffing agency and

officers have met with officers from other Councils who have effectively established this model. This dialogue and exploration of a Council owned agency company continues and will be worked up alongside other appropriate and relevant service delivery models as part of the options appraisal.

- 4.6. Officers continue to review options for improving the sustainability and energy efficiency of both the corporate and schools estate and this work forms part of the joint work of the capital programme and sustainability teams. This is continuously reviewed, not just during any construction works but also throughout the operation of the existing estate, to consider and assess the viability of technological developments within the field of energy efficiency.

Members should have the option to attend a member focused session of the new commercialisation and culture change training that is being developed for staff.

- 4.7. The Organisational Development team have been made aware of the new strategy and work has begun with them to review opportunities to address the cultural shift required, including existing learning and development, new tailored training and softer transmission across the organisation in partnership with our Communications team. However, the Director of Organisation Development and Human Resources is working on updating Lewisham's people management approach: 'the Lewisham Way' and it is vital that any specific commercialisation and income generation training or cultural change initiatives dovetail into the new 'Lewisham Way'. This is necessary to ensure that we make best use of all resources and that we are strategically and culturally aligned.

- 4.8. The Committee has asked for the Director of Organisation Development and Human Resources to attend its meeting in November 2019 to speak to this and it is intended that in the first half of 2020 members be offered a session on the offering that will be made available to staff.

Corporate support should continue for the strategic procurement and commercial services function.

- 4.9. It was agreed in 2017 that £350k of once off monies be made available from corporate reserves to support investment into strategic procurement, contract management and income generation (collectively commercialisation). This led to the creation of an 18 month interim post of Strategic Procurement and Commercial Services Manager and the development and delivery of the Income Generation Strategy. In late 2018 it was then agreed that £200k of base budget be allocated for this service and this has allowed the establishment of new posts, all of which are now filled as of July 2019. The initial 18 month interim post of Strategic Procurement and Commercial Services Manager has been extended for a further 12 months.
- 4.10. Income Generation and Procurement are quarterly standing agenda items at the Executive Management Team (EMT) meetings which provides both senior officer support and guidance as well as constructive challenge and progress and risk monitoring.

4.11. The Income Generation Board has senior representation from across the Directorates and their input and support into the work of the income generation function provides further corporate support and buy in for this function.

A mechanism should be created within the council -whereby officers and members can make suggestions and work up ideas.

4.12. The Income Generation Strategy 2019-2021 clearly sets out a robust process for the development, refinement, challenge and then adoption of business cases for all new income generation proposals.

4.13. This could be further supported by a process akin to a 'call for ideas' whereby officers and members are invited to make suggestions and then supported in the use the business case template to work these up and take them through the scrutiny and challenge process which would allow those viable initiatives to be adopted.

4.14. A mechanism to elicit suggestions will be considered and may form part of the training and development package which officers will be bringing forward.

5. Financial Implications

5.1. None except as set out in the body of the report.

5.2. It is to be noted that income from fees and charges constitutes circa 15% of the Council's total resources, and which is dependent on demand from the relevant market place. Grants and other funding streams from Central government constitute the majority of the Council's income streams and are generally more reliable and stable.

6. Legal Implications

6.1. Any decisions by services on how and whether they undertake and deliver commercially traded services would have to be made in line with relevant legal obligations. The proposals in this report would provide support for any such decisions. Otherwise there are no legal implications except as set out in the body of the report.

7. Crime and Disorder Implications

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

8. Equalities Implications

8.1. There are no specific equalities implications arising from this report. In the setting of fees and charges or the establishment of new commercial endeavours any potential equalities implications will be considered and reported on a case by case basis as appropriate.

9. Environmental Implications

9.1. There are no specific environmental implications arising from this report.

10. Conclusion

10.1. This report sets out the matters to be considered by Mayor and Cabinet with regard to the matter referred for consideration by PASC, so that Mayor and Cabinet can decide whether to provide a response to PASC in line with those comments.