

EAST RENFREWSHIRE COUNCIL  
AUDIT AND SCRUTINY COMMITTEE

15 August 2019

Report by Chief Executive

INVESTIGATION ON INCOME GENERATION AND COMMERCIALISATION:  
UPDATE ON PROGRESS

1. To provide an update to the Audit and Scrutiny Committee on progress with the investigation on income generation and commercialisation opportunities.

**RECOMMENDATION**

2. It is recommended that the committee notes the content of the report in relation to progress with the investigation on income generation and commercialisation opportunities.

**BACKGROUND**

3. At its most recent meeting on 20 June, the committee decided that a detailed review be progressed on income generation and commercialisation in relation to which the following objectives would be pursued:-

- (i) gathering background information on current practices within other local authorities in Scotland and England, including lessons learned;
- (ii) reviewing benchmarking information available, to identify service charges in other local authority areas not currently in place in East Renfrewshire;
- (iii) considering ethical, risk, reputation management and legal issues associated with selling advertising space;
- (iv) exploring potential to pursue commercialisation opportunities in East Renfrewshire including identifying any potential restrictions and barriers; and
- (v) reviewing audit reports available on the area of review.

4. The committee on 20 June approved the indicative timetable for the review, which involves information gathering and the taking of evidence being carried out during August and September 2019, and a final report with recommendations being submitted to the meeting of the committee in November.

**PROGRESS TO DATE**

5. The Chair and Vice Chair of the committee, and the Scrutiny and Evaluation Officer, met representatives of Audit Scotland on 2 July for an informal discussion on commercialisation opportunities being pursued by certain councils in England.

It was noted that due to pressures arising from the different arrangements for funding council activities which exist in England, when compared to Scotland, that there was a greater tendency for some English councils to be less risk-averse than their Scottish counterparts. Examples of this included: purchasing hotels, and leasing back; purchasing shopping centres; purchasing land for mixed-use housing; and the establishment of arms-length external organisations (ALEOs).

6. The Scrutiny and Evaluation Officer is currently gathering information from counterparts in other local authorities regarding their income generation activities. This is being carried out through meetings, telephone conversations, email correspondence and website searches. A high degree of cooperation is being provided which is encouraging, and confidentiality of the sources of the information will be respected. Members of the committee, and officers of East Renfrewshire Council will be given examples of these activities when the information gathering stage has been completed. The committee members were sent a link in June to the Improvement Service publication on 'Income Generation Research' which provides examples of where Councils have gone beyond raising fees and charges, and instead, have taken a commercial approach to delivering services, maximising their assets, or entering into partnerships with other providers.

7. Discussions have also been taking place for some time between senior officers of East Renfrewshire Council, and a range of national organisations such as the Society of local authority chief executives and senior managers (Solace), which provide procedural advice on commercialisation opportunities. The Association of Public Service Excellence (APSE) organises commercialisation workshops, and previously published a generic business case framework for establishing fees and charges for the Environment Department of East Renfrewshire Council.

8. The Chartered Institute of Public Finance and Accountancy (CIPFA) is organising workshops on commercialisation with a particular focus on property and asset management; Price Waterhouse Coopers (PwC) produced a benchmarking report on charges for services in 2017 which involved East Renfrewshire Council; and Audit Scotland through its 'how councils works' series, has produced helpful advice on charging for services. This is all useful information in the context of the review.

9. In England, due to the increase in the commercial activities of councils, the Commissioning Joint Committee, with input from the Local Government Association, APSE, and CIPFA are discussing the need for a code of practice to be introduced for local authorities, to ensure that there is no conflict between their role as public bodies, and the creation of commercial entities.

## **NEXT STEPS FOR GATHERING INFORMATION/TAKING OF EVIDENCE**

10. During the period up until mid-August, the Scrutiny and Evaluation Officer will continue to liaise with the Council's departments to hold initial exploratory discussions on their current income generation activities, and to hear about plans which they may have to create new commercial opportunities. Information which has been collated from other sources, as described in the preceding paragraphs, will be relayed to the departments at this stage, in preparation for meetings with the members of the committee.

11. The committee will discuss income generation and commercialisation opportunities with the Council's departments during August and September, to enable evidence to be taken and information to be gathered. Members will also be briefed as to the information which has been collated from other sources. The following meetings have been arranged to date:

Corporate and Community Services:  
Chief Executive's Office:

Friday 23 August at 9.45 am  
Monday 26 August at 9.45 am

## **CONCLUSION**

12. This review area has the potential to generate new income streams, which may assist the Council in several areas: financial planning now and for the future; demonstrating financial responsibility to the East Renfrewshire community; delivering Best Value; sustaining or improving service levels for local citizens and customers; developing stronger links with businesses and organisations; developing collaborative links with other Councils; and self-awareness of where the Council is positioned, in terms of benchmarking information.

## **RECOMMENDATION**

13. It is recommended that the committee notes the content of the report in relation to progress with the investigation on income generation and commercialisation opportunities.

Chief Executive  
7 August 2019

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### Background Papers

Report by Chief Executive to Audit and Scrutiny Committee, 20 June 2019: Proposed Guide to Scrutiny and Review

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