

EAST RENFREWSHIRE COUNCILCABINET24 September 2020Report by Chief ExecutiveRESPONSE TO THE AUDIT AND SCRUTINY COMMITTEE'S INVESTIGATION ON
INCOME GENERATION AND COMMERCIALISATION

1. To provide a response for Cabinet consideration to the Audit and Scrutiny Committee's Investigation on Income Generation and Commercialisation Opportunities.

RECOMMENDATION

2. It is recommended that the Cabinet
 - considers and approves this response to the Audit and Scrutiny Committee's report of 21st November 2019 on its investigation on income generation and commercialisation opportunities within East Renfrewshire Council and
 - notes the progress made to date by Departments in relation to implementing the recommendations (where accepted)

BACKGROUND

3. As part of the Investigation on Income Generation and Commercialisation Opportunities within East Renfrewshire Council, the Audit and Scrutiny Committee undertook a range of range of meetings with the Council's departments and services to gather information and take evidence in August and September 2019. The focus of these meetings included: how annual savings targets are being met each year; the ways in which external income is currently being generated; how commercialisation is being introduced to the culture of the departments; examples of where savings are being achieved, or other benefits gained, for example by working with other councils, partners, or the business community; and which new commercialisation opportunities the department or service intended to introduce.

4. The Scrutiny and Evaluation Officer, working closely with the Audit and Scrutiny Committee, prepared a report summarising the work of the investigation, and providing recommendations based upon the views of members. A final report with recommendations was submitted to, and approved by, the Audit and Scrutiny Committee on 21st November 2019.

5. It was agreed that a further report should be considered by the Cabinet in approximately 6 months from November when the Audit and Scrutiny Committee approved the Report, where an update on each recommendation would be provided.

6. Following consideration of this report by the Audit and Scrutiny Committee in November 2019 the Council has had to deal with the Covid-19 pandemic. This challenging situation has inevitably required departments to focus on delivering essential services. Some aspects of the Report recommendations have still to be fully considered by Directors and although some initial progress has been made it is important to note that most work could only be taken forward once the focus on the ongoing Covid-19 challenge has reduced.

7. Given the time which has elapsed since these recommendations were initially proposed, and the impact of Covid-19, a brief update on initial work undertaken to date is included, where available, in Appendix 1 of this report.

REPORT

8. The following recommendations were made by the Audit and Scrutiny Committee following its Investigation on Income Generation and Commercialisation Opportunities. Directors were asked to consider the recommendations within the report and advise if these were to be accepted (or not) and provide an outline of possible timescales for implementation.

| No | Recommendation | Decision | Lead Contact |
|----|---|----------|--|
| 1 | That the Council establish a new policy on commercialisation. | Agreed | Director of Environment |
| 2 | To invite representatives of other councils, with successfully developed approaches to commercialisation, to address a joint grouping of East Renfrewshire Council Members and officers | Agreed | Director of Environment |
| 3 | That the Council develop further a programme of staging major events to be held at various venues in East Renfrewshire, building on the commercial success of the Playground Festival held in Rouken Glen Park in August 2019. (Advance planning of future events should focus strongly on community consultation, reinstatement of facilities, liaison with other agencies, and lessons learned from previous events). | Agreed | Director of Environment |
| 4 | To agree, in principle, to investigate options for income generation which might be available from the proposed new digital telecare system, through provision of care services on behalf of other local authorities or organisations, and to market the associated business development skills. | Agreed | Director of Corporate & Community Services |
| 5 | To support taking a more commercial approach to procurement, to achieve efficiencies and maximise income potential from the council's collaborative framework arrangements, e.g. with Scotland Excel. | Agreed | Chief Executive |
| 6 | To maximise the use of local companies through procurement and purchasing activities to help stimulate the economy of East Renfrewshire, in accordance with the existing provisions which enable this through the Council's contract standing orders. | Agreed | Chief Executive |
| 7 | To further develop links between schools, the business community and other partners, to create | Agreed | Director of Education |

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|----|--|--------|--|
| | further opportunities for young persons in relation to training; assistance with technology; and other benefits. | | |
| 8 | To monitor closely, and to receive regular reports, on the financial implications arising from the expected reduction in levels of income from the Wraparound care service. (This will occur during and after the transition from the provision of 600 hours to 1140 hours of free early learning and childcare by August 2020). | Agreed | Director of Education |
| 9 | To keep under review, options to develop income generation opportunities at roundabouts, bus shelters, council vehicles and other locations. | Agreed | Director of Environment |
| 10 | To support the ongoing development of proposals (subject to submission of further reports where appropriate) by the Environment Department, to generate new income, or maximise potential from existing arrangements. | Agreed | Director of Environment |
| 11 | That the departments involved submit a report on the option to introduce a public car parking policy, to regulate activities better at key pressure points in East Renfrewshire | Agreed | Director of Environment |
| 12 | That the Chair of the Audit and Scrutiny Committee extends an invitation to meet the Chair of the Performance and Audit Committee of the Health and Social Care Partnership, to share information and discuss good practices arising from the review | Agreed | Director of Corporate & Community Services |

CONCLUSION

9. 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.

10. All twelve of the recommendations within the Audit and Scrutiny Committee report of 21st November have been agreed by Directors. Despite the challenges of dealing with the Covid-19 pandemic, work has been started in many of these areas with future work planned in due course.

RECOMMENDATION

11. It is recommended that the Cabinet
- considers and approves this response to the Audit and Scrutiny Committee's report of 21st November 2019 on its investigation on income generation and commercialisation opportunities within East Renfrewshire Council and
 - notes the progress made to date by Departments in relation to implementing the recommendations (where accepted)

Chief Executive
September 2020

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Background Papers

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

Report by Chief Executive to Audit and Scrutiny Committee, 15 August 2019: Investigation on Income Generation and Commercialisation – Update on Progress

Report by Chief Executive to Audit and Scrutiny Committee, 26th September 2019: Investigation on Income Generation and Commercialisation – Update on Progress

Report by Chief Executive to Audit and Scrutiny Committee, 21st November 2019: Investigation on Income Generation and Commercialisation – Final Draft Report

Recommendation 1

That the Council establish a new policy on commercialisation, to include:

- creating action plans, and setting of income/savings targets;
 - developing the existing culture of commercialisation within the council, including training for employees and Elected Members;
 - formation of a cross-departmental team with commercial expertise;
 - including commercialisation skills and experience in the person specification for specific posts which are advertised;
 - continued participation in commercialisation workshops e.g. through the Association of Public Sector Excellence (APSE);
 - structured information sharing between departments, and greater collaboration with other councils; and
 - requiring all departments of the council to discuss their commercialisation plans with Legal Services for advice, prior to entering into discussions with third parties.
- Agreed
 - A policy has been prepared covering the recommended points and will be considered by the Corporate Management Team in due course.
 - A cross departmental commercialisation seminar with SOLACE coordinated by the Environment Department is proposed. This could be delivered virtually but it would be preferable to hold it face to face once Covid-19 restrictions allow this. Options are being considered

Recommendation 2

To invite representatives of other councils, with successfully developed approaches to commercialisation, to address a joint grouping of East Renfrewshire Council Members and officers.

- Agreed.
 - Options are being considered which could include formal seminars and/or co-learning from councils. Timescale is mid-2021, dependent on Covid-19 restrictions on face-to-face meetings.

Recommendation 3

That the Council develop further a programme of staging major events to be held at various venues in East Renfrewshire, building on the commercial success of the Playground Festival held in Rouken Glen Park in August 2019. (Advance planning of future events should focus strongly on community consultation, reinstatement of facilities, liaison with other agencies, and lessons learned from previous events).

- Agreed.
 - However, Covid-19 National restrictions on large-scale gatherings has impacted on the Council's plans to stage major events at various venues in East Renfrewshire. The Playground music festival scheduled for August 2020 was cancelled by the organisers who have submitted a request to hold the event in August 2021. As had been the case with this year's abandoned plans, there will be

community engagement and consultation with Elected Members as well as learning lessons from the inaugural event in 2019. Preliminary discussions with the organisers of other events have not yet progressed.

- Corporate and Community Services will support the Environment Department with the marketing of their Parks and other assets suitable for hosting of events. We will continue to liaise with Environment Department colleagues to determine how best to support their needs and aspirations in this area. Covid-19 National restrictions on large-scale gatherings has impacted on the Council's plans to stage major events at various venues in East Renfrewshire. The Playground music festival scheduled for August 2020 was cancelled by the organisers who have submitted a request to hold the event in August 2021. As had been the case with this year's plans, there will be community engagement and consultation with elected members as well as learning lessons from the inaugural event in 2019. Preliminary discussions with the organisers of other events have not progressed.

Recommendation 4

To agree, in principle, to investigate options for income generation which might be available from the proposed new digital telecare system, through provision of care services on behalf of other local authorities or organisations, and to market the associated business development skills;

- Agreed
 - Delays incurred through the Covid-19 response has resulted in an extension to the project timeline so as a result the scope for marketing of a digital telecare service to other users is likely to be some way off and not before 2023.

Recommendation 5

To support taking a more commercial approach to procurement, to achieve efficiencies and maximise income potential from the council's collaborative framework arrangements, e.g. with Scotland Excel

- Agreed
 - The Council currently receives rebates from Scotland Excel Frameworks on Education Materials, PPE, Electrical Materials, Plumbing and Heating Materials. Rebates returned to the Council for financial year 2018/19 from the use of Scotland Excel Frameworks was £18,000. Data for 2019/20 has been delayed due to COVID-19 impact. A report outlining savings opportunities was recently considered by the Councils Corporate Management Team and the Procurement Team are currently working with service representatives to deliver these savings.

Recommendation 6

To maximise the use of local companies through procurement and purchasing activities to help stimulate the economy of East Renfrewshire, in accordance with the existing provisions which enable this through the Council's contract standing orders;

- Agreed

- East Renfrewshire Council percentage spend with local small/medium enterprises remains comparably low given factors such as the existing supplier base and size and location of the local authority area. However, as identified in the new Procurement Strategy 2019-2022 the Procurement Team are working together with the Council's Economic Development team to focus on maximising opportunities to encourage local businesses, third sector organisations and supported businesses to do business with the Council.
- The temporary amendment to Standing Orders Relating to Contracts to support the Council's response to COVID-19 construction recovery by increasing the works Quick Quote threshold from £150,000 to £500,000. This amendment for 12 months will allow flexibility to accelerate delivery of projects that have been adversely affected by the Covid-19 outbreak. The use of Quick Quote up to the threshold of £500,000 would reduce both the time and resources required to get contracts into place and support economic recovery.

Recommendation 7

To further develop links between schools, the business community and other partners, to create further opportunities for young persons in relation to training; assistance with technology; and other benefits.

- Agreed
 - East Renfrewshire schools continue to see the benefit of positive working relationships with employers within and beyond the local community. This activity is developed principally by the Education Department and schools along with support from partners such as Developing the Young Workforce (DYW) West Regional Group to provide reciprocal benefits to both employers and to young people. Examples include:
 - The East Renfrewshire Developing the Young Workforce Banquet which allows local employers to see first-hand the skills young people have gained from their school experiences and also from a wide range of vocational experiences.
 - Working closely with Skills Development Scotland (SDS) ERC schools have increased the number of young people participating in level 6 Foundation Apprenticeships (FA) (a work-based learning opportunity for senior-phase pupils, broadly equivalent to one Higher). The FA programme has expanded to include opportunities at level 4/5 to meet the needs of all learners wishing to undertake a qualification which offers work based learning across a range of sectors. From an initial recruitment of 7 young people in session 16-17, our recruitment continues to grow with 72 young people participating in the FA programme in session 19-20.
 - Community benefits are helping schools embed meaningful employer engagement into the curriculum and introduce new employer partnerships. Recently an event run in partnership with the Fraser of Allander Institute, Glasgow City Region and the Economic Futures initiative introduced new pathways for young people.
 - Given the impact of Covid-19 on schools and employers, we anticipate that going forward, this recommendation will be more challenging to deliver, particularly the provision of work related opportunities for young people including a negative impact on the FA programme. Schools and the Education Department will continue to plan and deliver relevant work based experiences for young people, supported

by DYW West. This session, this will involve working in partnership with Gateway Shared Services (Work Placements) to identify and support potential opportunities for young people to participate in real life or virtual work placements. Virtual work placements will become more prevalent, as will work based challenges and projects which simulate work experience placements. This will be closely monitored to ensure safe participation of young people and staff and relevant contexts for learning.

- The Local Employability Partnership (LEP) will continue to have a key role in supporting and facilitating partnership working. Data from SDS will inform plans for future curriculum development where labour market information identifies growth sectors and also those sectors most impacted by Covid-19. The Education Department will continue to work closely with the Environment Department to develop employer partnerships through the Community Benefits Working Group.

Recommendation 8

To monitor closely, and to receive regular reports, on the financial implications arising from the expected reduction in levels of income from the Wraparound care service. (This will occur during and after the transition from the provision of 600 hours to 1140 hours of free early learning and childcare by August 2020).

- Agreed
 - Wraparound income continues to be monitored closely as part of normal budgetary control processes and pricing is reviewed annually via the Charging for Services exercise. Commentary on the latest projected wraparound income is included in the periodic Revenue Budget Monitoring reports submitted to Cabinet over the course of the financial year.
 - The closure of all schools and early years centres from 20 March 2020 due to the COVID-19 pandemic obviously led to no wraparound income being generated for the remainder of the 2019/20 academic session (or indeed over the summer holiday period). Free emergency childcare was provided during this period for the children of key workers as well as those most vulnerable. The opportunity to sell any wraparound currently is extremely limited given the unavoidable delays in the early years infrastructure expansion programme due to the pandemic.
 - We will continue to monitor the situation as the academic year progresses and the new buildings come on-stream but the ongoing impact of COVID-19 will continue to be a major factor in our ability to offer this service. Parent/carers own working arrangements going forward (e.g. increase in home working) will determine demand for additional hours over and above the free 1,140 hours of early learning and childcare (up from 600 hours) introduced within East Renfrewshire Council from the start of this session for all 3 and 4 year olds and eligible 2 year olds.

Recommendation 9

To keep under review, options to develop income generation opportunities at roundabouts, bus shelters, council vehicles and other locations.

- Agreed
 - These opportunities had been explored previously and were found to be of low value and therefore of low priority but will be kept under review.

Recommendation 10

To support the ongoing development of proposals (subject to submission of further reports where appropriate) by the Environment Department, to generate new income, or maximise potential from existing arrangements, through some or all of the following:

- Trade waste and refuse collection;
 - Fleet Services;
 - Undertaking landscaping and grounds maintenance in new housing developments;
 - Leasing of storage units;
 - Potential purchase of new commercial units;
 - Grazing lets;
 - Asset Management and taking a more commercial approach to managing vacant buildings;
 - Renewable energy, including options for developing council-owned or shared partnership arrangements, e.g. creation of a biogas facility;
 - Burial and Related Services; and
 - Annual garden waste collection arrangements.
- Agreed
 - A range of opportunities have been considered and will be kept under review.
 - Annual garden waste collection and special uplifts are to be prioritised. Research and planning is underway to support targeted implementation from 2021/22 onwards.
 - After further investigation it was found that a number of the potential opportunities listed were either not commercially viable or would provide a very limited return and so are low priority e.g. fleet services, leasing of storage units, new commercial units and grazing lets.
 - It should be noted that the commercial waste service brings in a significant income, primarily from utilising one vehicle. To extend the service would mean adding another vehicle and crew, which would not be cost effective at this time.
 - Charges for burials are already now at a high level compared to other local authorities. Some alternative memorial style work is underway, but income generation potential is unknown at this time and is likely to be modest.
 - With regards to Asset Management and taking a more commercial approach to managing vacant buildings – there is now a commercial landlord role within the Environment Department exploring this.
 - With regard to the Council taking on landscaping and grounds maintenance in new housing developments the situation is complex legally. However, the possibility is being investigated.
 - The Audit and Scrutiny Committee also supported the prospect of identifying opportunities for generating income from factoring linked to new-build housing developments. Again this is legally complex but is being investigated.

- In relation to renewable energy, including options for developing council-owned or shared partnership arrangements, e.g. creation of a biogas facility discussions are ongoing with a Developer;

Recommendation 11

That the departments involved submit a report on the option to introduce a public car parking policy, to regulate activities better at key pressure points in East Renfrewshire;

- Agreed
 - A brief has been prepared and external consultants are to be commissioned. Part of this work will include a survey to assess traffic and parking patterns across the Council area. Due to current Covid-19 restrictions on non-essential workers returning to offices this work has been delayed until normal travel patterns have resumed.

Recommendation 12

That the Chair of the Audit and Scrutiny Committee extends an invitation to meet the Chair of the Performance and Audit Committee of the Health and Social Care Partnership, to share information and discuss good practices arising from the review.

- Agreed
 - A meeting will be arranged in due course once these recommendations have been considered, and if approved, by Cabinet.



EAST RENFREWSHIRE COUNCIL

INCOME GENERATION AND COMMERCIALISATION

INVESTIGATION BY THE AUDIT AND SCRUTINY COMMITTEE

FINAL DRAFT

Date: 31 October 2019

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CONTENTS

| | Page |
|----------------------------|-------------|
| Foreword | 5 |
| Executive Summary | 7 |
| 1. Introduction | 9 |
| 2. Scope of Investigation | 10 |
| 3. Methodology | 10 |
| 4. Findings | 11 |
| 5. Conclusion | 14 |
| Appendix 1 Recommendations | 17 |
| Appendix 2 References | 19 |

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FOREWORD

The principal purpose which underpinned the drive from the members of the Audit and Scrutiny Committee to undertake a review of income generation and commercialisation, was how the committee could help East Renfrewshire Council meet the serious financial challenges it faces now and in the future, and how these could be mitigated.

Successful outcomes from this investigation will help the Council to deliver on the strategic priority areas of the Community Plan and the Council's corporate plan 'Vision for the Future'. Clearly, there are other benefits which can be derived from the investigation under the Council's general approach to delivering Best Value, and these are described in more detail in the following sections.

During the discussions which we undertook with the Council's departments and services, some common themes were evident. It was clear that a culture of commercial awareness was emerging, and that departments were starting to collaborate more with each other on generating income. Closer working was also taking place with other organisations which, for example, could provide advice or training on commercialisation, such as the Association of Public Sector Excellence (APSE). All of the departments were planning ahead to extend their reach on income generation activities, and recovery of costs.

A word of caution however. This is only the start of the process for East Renfrewshire Council and the good work already put in place should be continued and developed. We feel that the culture of commercialisation should be expanded more widely across all departments, and the skills and knowledge of existing employees with experience in commercialisation should be used for the benefit of the Council. This base of commercial expertise should be enhanced through the Council's recruitment process by including commercialisation requirements for certain key posts. The committee were pleased to note that this process had already commenced in some areas for example in relation to property asset management.

One of the key recommendations from the investigation is that the Council considers developing a policy on income generation and commercialisation to better coordinate activities, and to maximise opportunities for success.

In the course of the investigation, the committee were very impressed with the level of commitment which the departments showed, and we thank the teams which we met, and their management too, for contributing to the committee's work. My gratitude is also extended to the members of the committee for their support throughout this process.

Finally, on behalf of the committee members, I commend this report and its recommendations to you.

Councillor Stewart Miller
Chair of Audit and Scrutiny Committee
31 October 2019

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EXECUTIVE SUMMARY

1. The Audit and Scrutiny Committee has undertaken its first full investigation since 2016, in compliance with a recommendation from the Best Value Assurance Report of East Renfrewshire Council by Audit Scotland in November 2017.
2. Positive measures are underway across the Council's departments to develop a culture of commercialisation, building upon current income generation activities, and planning of new areas for implementation. These approaches are commended and should be continued as part of planned actions.
3. Cross-departmental working on income generation initiatives is evident, for example in the staging of major events, and liaison with external bodies for advice and training purposes regarding commercialisation. These initiatives should be supported and encouraged.
4. Further work is required to develop commercialisation skills and experience 'in-house'. This should include various measures, including targeted recruitment practices, evidence of which is already underway for example in property asset management.
5. Strong leadership from senior management in encouraging income generation and commercialisation initiatives is welcomed, and should be continued.
6. The recommendations for actions on discrete areas of income generation and financial management are listed in the Appendix 1 to this report, and are wide-ranging. The over-arching recommendation is to establish a new policy for East Renfrewshire Council on income generation and commercialisation, which would involve:
 - creating action plans, and setting of income/savings targets;
 - developing the existing culture of commercialisation within the Council, including training for employees and Elected Members;
 - formation of a cross-departmental team with commercial expertise;
 - including commercialisation skills and experience in the person specification for specific posts which are advertised;
 - continuing participation in commercialisation workshops e.g. through the Association of Public Sector Excellence (APSE);
 - structured information sharing between departments, and greater collaboration with other councils; and
 - including a requirement for all departments of the Council to discuss their commercialisation plans with Legal Services for advice, prior to entering into discussions with third parties.

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1. INTRODUCTION

1. On 20 June 2019, the Audit and Scrutiny Committee decided that a detailed review should be progressed on income generation and commercialisation opportunities within East Renfrewshire Council. The investigation was carried out from July to October 2019. The decision to select this topic area originated from a suggestion made by the Chair, and was discussed initially at an informal meeting of the committee held on 31 May 2019, along with a draft *Guide to Scrutiny and Review*, and a range of potential areas for scrutiny and review investigations.

2. This review area has the potential to generate new income streams and develop innovative solutions to address the Council's financial challenges. This may assist the Council in contributing towards its savings targets. Additional potential benefits include: 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.

3. Further informal meetings between the committee and the Council's departments took place during August and September to discuss plans for income generation and commercialisation. This allowed the committee to ask questions, and take a considerable amount of evidence. A final informal meeting was held on 8 October to allow provisional views to be formed on the options, and to allow the committee to decide the recommendations it wished to make. Fuller details of these meetings are provided in the following sections.

4. Progress reports on the investigation were submitted to the scheduled meetings of the committee held on 15 August and 26 September, with the final draft of the report on the investigation considered on 21 November 2019. The final report includes terms of reference, methods used, findings, and recommendations for further consideration by the Cabinet. An open dialogue was maintained with members of the committee which allowed them to contribute their views, ask questions, and participate actively throughout the investigation.

5. It is worthwhile noting some contextual background to the investigation. The Best Value Assurance Report for East Renfrewshire Council (Audit Scotland: November 2017), included a recommendation that Elected Members should take a more transparent and active role in scrutiny. Following the appointment of a Scrutiny and Evaluation Officer in April 2019, to assist the Audit and Scrutiny Committee, a *Guide to Scrutiny and Review* in East Renfrewshire Council was considered by the committee on 20 June 2019, and subsequently approved by the Council on 26 June 2019.

6. The new *Guide* includes advice on scrutiny, review and evaluation which is now available to all committees and Elected Members for their use. Future reviews will be assessed using selection and rejection criteria, and prioritised using the ratings for reviews which were agreed by the committee on 15 August:

Priority 1: High (A review is required: work to be scheduled to commence following completion of latest review on list);

Priority 2: Medium (A review is required: timing of commencement of work to be considered to achieve optimum outcomes); and

Priority 3: Low (Area suitable for a review, although not in the immediate future: however, area to remain under observation).

2. SCOPE OF INVESTIGATION

7. The Audit and Scrutiny Committee on 20 June 2019, agreed 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 Council;
- (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.

8. The questions posed by the committee, when they met the Council's departments, centred on common themes which had been discussed with departments on a preliminary basis in advance, and included:

- how annual savings targets were being met each year;
- the ways in which external income was currently being generated;
- how a culture of commercialisation was being introduced within departments;
- protecting the interests of East Renfrewshire citizens, and the Council's reputation;
- examples of savings, or other benefits gained, for example by working with other - councils, partners, or the business community; and
- which new commercialisation opportunities departments or services intended to introduce.

3. METHODOLOGY

9. The committee decided that a mixed-methods approach should be adopted to undertaking the investigation, to realise the potential for achieving maximum benefits. Arguably the more information sources which were used and reviewed the better equipped members of the committee would be to form a more rounded picture of the issue under scrutiny. This involved the following approaches:

1. Gathering information from other local authorities regarding their income generation activities, both in Scotland and England. This was carried out through meetings, telephone conversations, email correspondence and website searches;
2. Collecting evidence from national organisations of guidance which was available on income generation and commercialisation;
3. Accepting an invitation from Audit Scotland to hold an informal discussion between their representatives and the Chair and Vice Chair of the committee, and the Scrutiny and Evaluation Officer, on 2 July 2019. This involved the sharing of experiences on commercialisation opportunities undertaken by other audited bodies, primarily in England, which was of value to the investigation;

4. Asking the Scrutiny and Evaluation Officer to liaise with East Renfrewshire Council's departments to hold initial discussions on their current income generation activities; to hear about plans which they may have to create new commercial opportunities; and to pass on information gathered from other local authorities about their initiatives and experiences;
5. Arranging for the committee to meet each of the Council's departments to ask questions, and to take evidence; and
6. Inviting the committee membership to contribute suggestions at each stage of the review, and keeping them informed through the issuing of briefing notes and guidance from national organisations.

The following section provides details of the work undertaken, and findings.

4. FINDINGS

Liaison with External Bodies and Background Material

10. One of the first actions undertaken involved the Chair and Vice Chair of the committee and the Scrutiny and Evaluation Officer meeting representatives of Audit Scotland on 2 July 2019 to discuss commercialisation experiences of other audited bodies, primarily in England. Due to pressures arising from the different arrangements for central government funding of councils in England, there had been a greater tendency for some English councils to be less risk-averse than their Scottish counterparts. Examples of commercialisation activities by some English councils included: creating public energy companies; establishing a solar wind farm; and purchasing property such as hotels, shopping centres, supermarkets, and land for mixed-use housing. Reflecting the substantially increased use of the Public Works Loans Board (PWLB) by local authorities in recent months, as the cost of borrowing had fallen to record low levels, HM Treasury on 9 October 2019 increased the cost of borrowing by 1%. This increase will apply to new loans, and has various implications for local authorities, including commercialisation plans which involve borrowing from PWLB to invest in property, in order to provide new income streams. We did not consider all such approaches viable or appropriate for East Renfrewshire Council in any case due to the level of risk involved.

11. Discussions have been taking place for some time between senior officers of East Renfrewshire Council, and a range of bodies such as: the Society of local authority chief executives and senior managers (Solace), which provides advice on commercialisation opportunities; APSE which organises commercialisation workshops which the council participates in, and has published a generic business case framework for establishing fees and charges for the Environment Department; the Chartered Institute of Public Finance and Accountancy (CIPFA) which organises workshops on commercialisation with a particular focus on property and asset management; and Price Waterhouse Coopers (PwC) which produced a benchmarking report on charges for services in 2017 which included East Renfrewshire Council. Audit Scotland through its 'how councils works' series, has also produced helpful advice on charging for services. This was all useful information in the context of the review.

12. In May 2018, Audit Scotland produced a report on Arms-length External Organisations (ALEOs), which has particular relevance given that many councils have used this mechanism to run commercial enterprises such as facilities and property management, as the Council did when it established the Culture and Leisure Trust. It reflects that financial advantages which could have been realised previously from using an ALEO, in relation to Non-Domestic Rates (NDR) have changed. For example, NDR relief on leisure trust properties is still available, but

it has been capped at the current level. A web-link was provided for the committee giving access to an Improvement Service publication on 'Income Generation Research' which provided examples of where councils had taken action beyond raising fees and charges, and instead, had taken a commercial approach to delivering services, maximising their assets, or entering into partnerships with other providers.

13. All of the above provided useful background to the investigation.

Briefings

14. Members of the committee were provided with a briefing note from the Scrutiny and Evaluation Officer on 19 August in advance of meeting the Council departments. This included links to advice which was available from national organisations on commercialisation, and examples of potential areas for further investigation, which had been obtained from other councils through meetings; email exchanges, telephone conversations and Internet searches. This provided useful background material for the committee.

15. A second briefing note was issued to the committee on 4 October which summarised the discussions with departments, and provided options for consideration, which assisted the committee with the formulation of recommendations.

Meetings with Council Departments

16. The committee discussed income generation and commercialisation opportunities with the Council departments during August and September, to enable evidence to be taken and the gathering of information:

| Informal Meetings of Audit and Scrutiny Committee | Date |
|--|-------------------|
| Corporate and Community Services | 23 August 2019 |
| Chief Executive's Office | 26 August 2019 |
| Education Department | 9 September 2019 |
| Environment Department | 13 September 2019 |

17. Discussions between representatives of the committee and the departments on existing initiatives, and potential future ones, informed our thoughts, and have been summarised below:

Corporate and Community Services

18. The committee noted the good work which the department was carrying out on the transformation of services; and in reclaiming monies due to the Council from people who were not entitled to single person's council tax discount. The following areas were also discussed and considered in more detail:

- staging of future major events, such as the Playground Festival at Rouken Glen Park in August, which involved collaborative working with other departments;
- the need to consider a new public car parking policy due to pressure points across East Renfrewshire;
- digital telecare system, and the potential to provide care services on behalf of other local authorities or organisations, and to market the associated business development skills around this area;
- the need to recruit employees who have the requisite commercial experience and skills;

- the importance of further participation in external commercialisation groups involving a mix of representatives from other local authorities and organisations; and
- workforce planning in the context of what the committee was looking at.

Chief Executive's Office

19. The committee noted that the Legal Services team provides valuable legal advice and assistance on new commercial opportunities. A council-wide procurement service is also provided under the management of the Chief Officer – Legal and Procurement which is focused on achieving Best Value, with decisions being reached after an options appraisal exercise is carried out. The following areas were discussed and considered in more detail:

- taking a more commercial approach to procurement, to achieve efficiencies/maximise income potential from collaborative framework arrangements, e.g. with Scotland Excel;
- to stimulate the East Renfrewshire local economy by using local suppliers in relation to Council procurement and purchasing activities;
- establishing a requirement for all departments of the Council to discuss their commercialisation plans with Legal Services, for advice, prior to entering into discussions with third parties. It was felt that this requirement could be included in a Council-wide policy on income generation and commercialisation (see Recommendation 1); and
- due to the obligation of Legal Services to look after the Council's interests as its primary client, there were restrictions on the type of income-generating work which can be carried out on behalf of third parties. Options would continue to be looked at for recharging work which is carried out, e.g. on licensing.

Education Department

20. The committee noted that one of the principal objectives of Education Services was to raise attainment levels for all pupils, and introducing charges for services or raising prices could have a detrimental effect on the successful work being carried out. Additional funding which Education receives is often ring-fenced, and is reinvested in schools, such as the Pupil Equity Fund, which gives Headteachers responsibility for choosing how the funding is spent. The following areas were discussed and considered in more detail:

- exploring opportunities from links between schools and the business community and other partners, in relation to training; assistance with technology, and other benefits for young persons;
- the expected financial impact of reduced levels of income from the Wraparound care service, during and following the transition to the provision of 1140 hours of free early years provision;
- the option to generate income from selling spare capacity on the school transport privilege place scheme which would not be explored further, due to the potential financial risks involved in supplying larger capacity buses; and
- the option to extend the supported study service, in addition to provisions which are already in place such as Easter Schools which would not be explored further, due to potential for widening the attainment gap between pupils from disadvantaged areas and those from more affluent ones on the basis of ability to pay.

Environment Department

21. In the same way that the committee welcomed the way in which other departments were willing to consider income generation and commercialisation initiatives, the approach which the Environment Department was undertaking at a strategic level on income generation was also supported. This included: the encouragement of cultural change; engagement with the APSE commercialisation working group in Scotland; the establishment of an income generation/commercialisation internal group; and the creation of a commercialisation action plan with income targets. The following areas were discussed and considered in more detail:

- commercial awareness training, to be open to Elected Members and officers;
- cross-departmental working, e.g. staging of major events;
- advertising opportunities;
- renewable energy options, including biogas;
- options for trade waste; waste transfer station; fleet services; grounds maintenance in new housing developments; burials; grazing lets; rental of storage units; purchase of new commercial units;
- potential introduction of a new public car parking policy to address pressure points across East Renfrewshire;
- asset management, including the appointment of a Corporate Landlord Manager which has a commercial focus; and
- garden waste collection options.

5. CONCLUSION

22. This review area has the potential to generate new income streams, which may assist the Council in its savings targets. New income streams will help the council to meet its community plan objectives, and deliver the Council strategy 'Vision for the Future'.

23. An informal meeting of the committee was held on 8 October 2019, at which the information gathered and evidence taken from the meetings with departments was discussed, allowing the committee to form provisional views on various options. All members of the committee were given the opportunity to submit their comments either in advance or at the meeting.

24. One of the committee's key proposals is to develop an East Renfrewshire Council policy on income generation and commercialisation. Such a policy could be supported by a cross-departmental team (with commercialisation skills and experience), to implement the key recommendations of the policy, and any associated action plan with income targets. This approach is already in operation successfully within the Environment Department, and is commonly used effectively by other councils often as part of a transformation policy, which gives increased focus to the whole activity of income generation and commercialisation (see Recommendations 1 & 2).

25. The committee supports plans for developing a programme of staging major events, following the commercial success of the Playground Festival at Rouken Glen Park in August 2019 (see Recommendation 3). The proposed new digital telecare system offers income generation opportunities through joint working with other councils and care providers (see Recommendation 4.). Regarding procurement, the committee would like to see further efficiencies (such as through better value for money and greater financial returns) being realised from framework contracts. Members of the committee were keen to stimulate the local East Renfrewshire economy. In keeping with this it was their view that procurement and purchasing should involve local companies as much as possible, within the provisions of the Council's contract standing orders, to help the economy of East Renfrewshire (see Recommendations 5 & 6).

26. Partnership working is taking place between schools, the business community and further/higher education sector to provide training opportunities and work experience for young persons, and should be developed further (see Recommendation 7). The committee heard that the associated benefits tended to be in kind, rather than income being generated, but we considered that beneficial none the less.

27. The Council receives a significant amount of income from its Wraparound care service at present. The financial implications of reduced levels of income from that service should be monitored closely, during and following the introduction of 1140 hours free early learning and childcare by August 2020 (see Recommendation 8).

28. Income generation opportunities at roundabouts, Council vehicles etc. should be kept under review (see Recommendation 9) as it is not as financially attractive to pursue this as it might appear, principally because there are overheads (e.g. staff costs) associated with pursuing this. However, the Environment Department is working on a range of current and proposed commercialisation ventures, which offer real potential to generate new income. The committee supports this approach and looks forward to monitoring progress on these (see Recommendation 10). On one specific issue, the committee was aware of car parking pressure points at various locations in East Renfrewshire, and have called for a report from the departments involved, to propose a way forward to better regulate activities (see Recommendation 11).

29. As a matter of good practice and information sharing between partner organisations, it is proposed that the Chair of the committee extends an invitation to meet the Chair of the Performance and Audit Committee of the Health and Social Care Partnership to discuss the results of the investigation (see Recommendation 12).

30. During the course of the investigation, a high degree of cooperation was experienced with external organisations, other councils, and internally too across East Renfrewshire Council. The committee welcomed this.

31. It was agreed that a final report would be prepared for the committee to consider at the meeting to be held on 21 November. This summarises the work of the investigation, and provides recommendations based upon the views of members, one of which will be that the recommendations are considered at a future meeting of the Cabinet. It is also proposed that an update report be considered at a future meeting of the Audit and Scrutiny Committee on the implementation of those recommendations approved by the Cabinet.

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RECOMMENDATIONS

It is recommended that the Cabinet considers the following recommendations:

1. That the Council establish a new policy on commercialisation, to include:
 - creating action plans, and setting of income/savings targets;
 - developing the existing culture of commercialisation within the council, including training for employees and Elected Members;
 - formation of a cross-departmental team with commercial expertise;
 - including commercialisation skills and experience in the person specification for specific posts which are advertised;
 - continued participation in commercialisation workshops e.g. through the Association of Public Sector Excellence (APSE);
 - structured information sharing between departments, and greater collaboration with other councils; and
 - requiring all departments of the council to discuss their commercialisation plans with Legal Services for advice, prior to entering into discussions with third parties.
2. To invite representatives of other councils, with successfully developed approaches to commercialisation, to address a joint grouping of East Renfrewshire Council Members and officers;
3. That the Council develop further a programme of staging major events to be held at various venues in East Renfrewshire, building on the commercial success of the Playground Festival held in Rouken Glen Park in August 2019. (Advance planning of future events should focus strongly on community consultation, reinstatement of facilities, liaison with other agencies, and lessons learned from previous events);
4. To agree, in principle, to investigate options for income generation which might be available from the proposed new digital telecare system, through provision of care services on behalf of other local authorities or organisations, and to market the associated business development skills;
5. To support taking a more commercial approach to procurement, to achieve efficiencies and maximise income potential from the council's collaborative framework arrangements, e.g. with Scotland Excel;
6. To maximise the use of local companies through procurement and purchasing activities to help stimulate the economy of East Renfrewshire, in accordance with the existing provisions which enable this through the Council's contract standing orders;
7. To further develop links between schools, the business community and other partners, to create further opportunities for young persons in relation to training; assistance with technology; and other benefits;
8. To monitor closely, and to receive regular reports, on the financial implications arising from the expected reduction in levels of income from the Wraparound care service. (This will occur during and after the transition from the provision of 600 hours to 1140 hours of free early learning and childcare by August 2020).

9. To keep under review, options to develop income generation opportunities at roundabouts, bus shelters, council vehicles and other locations;
10. To support the ongoing development of proposals (subject to submission of further reports where appropriate) by the Environment Department, to generate new income, or maximise potential from existing arrangements, through some or all of the following:
 - Trade waste and refuse collection;
 - Fleet Services;
 - Undertaking landscaping and grounds maintenance in new housing developments;
 - Leasing of storage units;
 - Potential purchase of new commercial units;
 - Grazing lets;
 - Asset Management and taking a more commercial approach to managing vacant buildings;
 - Renewable energy, including options for developing council-owned or shared partnership arrangements, e.g. creation of a biogas facility;
 - Burial and Related Services; and
 - Annual garden waste collection arrangements.
11. That the departments involved submit a report on the option to introduce a public car parking policy, to regulate activities better at key pressure points in East Renfrewshire; and
12. That the Chair of the Audit and Scrutiny Committee extends an invitation to meet the Chair of the Performance and Audit Committee of the Health and Social Care Partnership, to share information and discuss good practices arising from the review;

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