1. **Background**

1.1 A key deliverable set out in the Council’s Corporate Strategy 2016-2020 is that the Council will adopt a more commercial agenda as part of a move towards becoming financially self-sufficient by 2021.

1.2 The Mayor has since taking office set out a vision for the Council: “Copeland Borough Council is a commercially-focused organisation with a national reputation for high quality services”.

1.3 The vision is achieved through a series of four Ambitions:

1. **Town Centre Regeneration**
2. **Commercialisation**
3. **Employment, Skills and Social Wellbeing**
4. **Strengthen the Way We Operate**

1.4 We will deliver these ambitions by focusing on the delivery of five Strategic Outcomes, each of which contributes to each ambition:

   **SO1** - Four our towns, villages and streets to reflect the prosperity of the area

   **SO2** - Grow the commercial activity of the Council to benefit the people of Copeland, ensuring that the wealth generated in Copeland stays in Copeland

   **SO3** - Attract businesses, professionals and entrepreneurs to Copeland and retain our talented young people. Working with partners to support the most vulnerable in our borough

   **SO4** - Continually review our services to ensure they meet the needs of the people of Copeland and ensure that they are efficient and effective

   **SO5** - Maximising our opportunities for growth, within the Council and with our strategic partners

1.5 In the current economic climate and facing substantial cuts in government funding to be successful in achieving this vision, the Council must adopt a more business-like mind-set. This will allow the Council to identify opportunities and achieve the strategic outcomes set out above.

1.6 Income generation is one of four key areas contained within the delivery of the Council’s Commercial Strategy. This strategy sets out the direction for the Council’s income generation activities, enabling it to maximise potential income to support core activities and to pursue additional projects which complement core work.
2 The strategy

2.1 This strategy provides an overview of opportunities to secure resources above and beyond those normally provided by financial allocation to the Council. It specifically excludes General Government Grant Income, Business Rates and Council Tax Levies.

2.2 It considers options available to the Council for generating income, which supplement the existing funding allocations; either through charging for services, trading through a commercial vehicle or through advertising or sponsorship.

2.3 A wide variety of income generating opportunities are potentially available to the Council and the wider community and keeping abreast of these can be challenging. It is felt that the establishment of an Income Generation Strategy will reinforce the value and importance attached by the Council to taking up income generating activities.

2.4 The aim of this Income Generation Strategy is to encourage activities aimed at pursuing increased revenue income. This will be done by:

1. Recognising and encouraging income generating activity

2. Developing the current approach

3. Introducing new methods of working

2.5 This will have the impact of:

- Maximising existing income sources
- Maximising recovery of expenditure
- Identifying new income and trading opportunities

2.6 As part of this strategy a number of subsidiary policies (see Appendix 1) have been developed to underpin the principles of income generation and to help and guide services towards maximising cost recovery.
3 Delivering the strategy

3.1 The overall aim of the income generation strategy and its key principles are set out below:

Aim: To maximise income generating opportunities

**Principle 1:** Recognising and encouraging income generating activity

**Principle 2:** Developing the current approach

**Principle 3:** Introducing new methods of working

3.2 **Principle 1: Recognising and encouraging income generating activity**

3.3 Income generation is a critical activity for the Council if it is to be financially viable in the future, therefore it is a cross departmental issue and responsibility.

3.4 The Local Government Act 2003 s93 contains powers for all local authorities to charge for ‘discretionary services’, whilst s95 permits local authorities to engage in commercial trading activity and to generate surpluses.

3.5 The Localism Act 2011 introduced a new General Power of Competence (GPC), which explicitly gives councils the power to do anything that an individual can do which is not expressly prohibited by other legislation. This can include charging for an activity undertaken for a commercial purpose.

3.6 The key mind-set that officers within the Council need to adopt is:

- The Council can charge for anything so long as there is legal authority for the Council to run the service (unless there is a prohibition to charging)
- For discretionary services, charging is limited to cost recovery (with cost recovery including costs for support services)
• The Council can make a profit on its trading activities when trading through a Local Authority Trading Company (LATC).

3.7 Everyone within the Council has a role to play in identifying opportunities to increase income or develop new services. To facilitate this all officers and members need to be aware of the freedom and flexibility set out in the acts to innovate and be encouraged to do so within their service.

3.8 Officers and members also need to be risk aware but not risk averse in considering new opportunities that arise or innovative ideas being proposed.

3.9 To encourage innovative commercial thinking at all levels, the Council has developed a Commercial Framework which allows anybody to submit ideas which they feel may be potential commercial opportunities. These ideas will be assessed and business cases produced around any potentially viable ideas where appropriate.

3.10 **Principle 2: Develop the current approach**

3.11 Developing the approach to current activities involves:

• Reviewing debt collection policy
• Reviewing payment processes
• Reviewing all discretionary fees and charges to maximise cost recovery
• Providing support services which operate in a commercial and business-like way

3.12 A corporate charging policy has been developed to underpin this Strategy. Officers should use this overarching policy to help them develop their own service charging policy; and review their fees and charges for services against the principles set out in the policy, revising charges accordingly and reviewing annually thereafter.

3.13 **Principle 3: Introducing new methods of working**

3.14 To enable the Council to generate income and take advantage of the opportunities available to it, new ways of working will need to be introduced. These include:

• Establish a corporate charging policy and continually review the basis for charging
• Review opportunities for generating advertising and sponsorship income
• Promote and seek out potential trading opportunities

3.15 The **Corporate Charging Policy** encourages officers to think about charging for any new services which aren’t already charged for, demonstrate the link between the
full cost of providing the service and the level of income generated to pay for it, and demonstrate clear policies and decision making around subsidising chargeable services.

3.16 **Advertising and sponsorship** can play a key role in most council’s income generation strategy. With channel shifting driving more people to access the services online the council should look to harness the potential of advertising online without detracting from the user experience.

3.17 There are also opportunities for more traditional forms of advertising and sponsorship such as signage. A balance needs to be struck in terms of clutter and potential reputational damage which can be mitigated by a clear Advertising Policy and Sponsorship Policy.

3.18 With the Council’s new powers to trade, officers should continually seek to identify potential trading opportunities where new or additional income could be achieved if a service was able to fully trade. The most appropriate method for trading should be assessed and backed up by a sound and robust business case. A Trading Policy to underpin the development of trading opportunities will be developed to assist officers.

4 **Risks**

4.1 Risk management is embedded in all of the decision-making processes within the council. Effective risk management requires an informed understanding of relevant risks, an assessment of their relative priority and rigorous approach to monitoring and controlling them. All risks associated with any new income generating activity will be managed through the Council’s Risk Management Framework.

4.2 Given the potential risks involved it would be easy to take a risk averse approach. However, this approach would hinder potentially highly beneficial opportunities or innovation. We will look to identify risks early in the strategic planning phase and implement approaches to mitigate or manage these risks where possible.
Appendix 1 – Policies underpinning the income generation strategy

Corporate Strategy 2016 - 2020

Commercial Strategy 2016 - 2020

Income Generation Strategy

Corporate Charging Policy

Trading Policy

Advertising and Sponsorship Policy