

Public Accounts Committee

PAC(5)-08-17 PTN3 – 6 March 2017

Additional information from Councillor Graham Hinchey on Income Generation Initiatives at the City of Cardiff Council

1. Income generation within Local Government has historically focused on the setting of fees and charges, whether in line with statute or, where discretionary, at a level that ensures that costs are covered, or subsidisation is kept to an acceptable level. More recently, however, Local Authorities have begun to recognise potential areas of income generation that have previously seen significant under-utilisation.
2. Since 2012, in addition to fees and charges, The City of Cardiff Council has introduced a number of income generation schemes based on the extended use of statutory powers, marketing partnerships and income generated through sale of services to other organisations.

Extended Use of Statutory Powers

3. The Civil Enforcement of Road Traffic Contraventions (General Provisions) (Wales) Regulations 2013 was passed and came into force on 25 March 2013, allowing the Council to assume responsibility for enforcement of bus lanes and some moving traffic offences (MTOs). The areas of enforcement, which these powers particularly assist, include:
 - Enforcement of Bus Lanes – preventing the blocking of bus lanes
 - Enforcement of Yellow Box Junctions – reducing illegal queuing across the boxes, particularly during peak hours, preventing congestion and delay to all vehicles
 - Enforcement of turning movement bans – enhancing public safety, by preventing conflict with pedestrian crossing movements, and by reducing the use of weak bridges by lorries ignoring weight restrictions
4. In the first full year (2014/15) after assuming responsibility, £848,000 income was received and this grew to £2.840 million in 2015/16.

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5. As Civil Enforcement is a ring fenced account, any such income generated is used to fund related operational cost of parking and enforcement. Any additional surplus or deficit generated by the account is transferred to the Parking Reserve and can only be used for specific purposes such as supporting public transport services, off-street parking and highway improvements in accordance with section 55 of the Road Traffic Regulations Act 1984.
6. To date the Parking Reserve has supported a number of improvements including:
 - Cardiff East Park & Ride
 - Surface Car Park Upgrades
 - City Centre Mobility Assistance
 - Street Works and the installation of additional Pay and Display facilities
 - Installation of Disabled Bays
 - Work required for the implementation of Moving Traffic Offences.

Marketing Partnerships

7. The City of Cardiff Council has many assets and prime highway locations that are attractive to advertisers. These assets have the potential to generate a significant annual income but have rarely achieved full market value in the past. In order to seek to address this, the Council have procured marketing partners to generate an increased and sustainable annual income stream going forward.
8. One such partnership generates income through digital advertising on bus shelters and at other sites. There are currently over 650 bus shelters installed throughout the City, serving the 11 million waiting passengers who use buses in Cardiff annually. The Council has entered into long term contractual arrangements that provide fixed annual rentals together with a profit share from the advertising. In 2015/16 this commercial arrangement generated £343,000 of income and in 2016/17 it is anticipated this will increase to in excess of £400k. The Council also continues to work through a number of opportunities to extend the network of sites to increase income.

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9. Another marketing partnership is generating income streams for Cardiff from existing assets including:
 - Roundabouts
 - Lamppost Banners
 - Litter bins
 - Refuse Vehicles
10. Income generation for 2016/17 is anticipated to be in the region of £150,000 from advertising/sponsorship, with an additional £20,000 generated from associated income such as planning fees, licences and highway notices. These figures are projected to increase by 30% in 2017/18.
11. Taking a “one council” approach it is intended that this partnership will not only maximise income generation, but also reduce costs to the Council for its own outside advertising needs. For example, unsold space will be used (at cost only) to promote Council services and the potential to utilise our own assets further is being explored.

Local Authority Trading Company

12. As of 1 March 2017 Atebion Solutions, the Council’s Commissioning and Procurement Local Authority Trading Company will begin trading, with a conservative estimate of first year turnover of £216,000. The potential for future income generation is, however, significant as the commissioning and procurement sector is worth some £5 billion across Wales. As with other schemes mentioned here, there are secondary benefits to the income generation. A successful trading company will further enhance the Council’s attractiveness as an employer, allowing for the retention and recruitment of highly skilled, qualified and commercially-minded employees, who in turn are able to take the company forwards.

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Other Schemes

13. Another area in which additional income is expected to be generated in 2017/18 is through the promotion and provision of courses at Cardiff Academy, principally to other public sector organisations. This will include the sale of accredited Institute of Leadership & Management and Service Improvement courses. Additional opportunities identified include provision of Health & Safety training to contractors working for the Council as well as hiring out the Academy's new and extended facilities for training and/or small conferences.

14. In addition to the above initiatives, renewable energy generation schemes have been brought online since 2012 at Radyr Weir and through the addition of thousands of solar panels to roofs of premises within the Council's estate. These schemes have the potential between them to generate sufficient sustainable electricity for over 1000 homes, with Radyr Weir averaging over £5,000 of electricity generation per week since October 2016 despite a relatively dry winter impacting on flow rates.