

**Manchester City Council
Report for Information**

Report to: Resources and Governance Scrutiny Committee - 7 September 2021

Subject: Income Generation

Report of: Deputy Chief Executive and City Treasurer

Summary

This report provides the Committee with the following:

- Provides a comprehensive detail of areas of income generation at the Council, including, income generating contracts, the commercial investment estate and an update on the City Council's off street car parking operation following the bringing back in house on 1st January 2021.
- An update on the Legal and Democratic services income following a previous report to this Committee in July 2019.
- An overview of work that is ongoing to identify further income generating opportunities and what we can learn from other Local authorities.

Recommendations

Members are requested to note and comment on the report.

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

Our Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The generation of income towards the cost of running services allows more resources to be allocated to front line services and the strategic priorities of the Council.
A highly skilled city: world class and home grown talent sustaining the city's economic success	

A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

None

1.0 Introduction

- 1.1 Income generation forms a significant part of the overall funding of the Council's budget and is used to support the delivery of front line services. This report provides members with a comprehensive update on existing income generating activities across the Council and includes details of the likely implications of Covid-19 on those income streams. It focuses on commercial operations and excludes income generating activities within both Children's and Adult Social Services where charges are assessed based on eligibility and tight statutory criteria.
- 1.2 It also sets out details on the overall Commercial activity and highlights innovative opportunities that have been taken, as the Council has responded to reduction in its overall funding levels since 2010 and looks at what other authorities have already introduced that could be considered in the future.
- 1.3 In addition, the report set out specific details around the Legal services income generating has requested by Members.

2.0 Background

- 2.1 Local Authorities have the powers to raise fees and charges for the provision of certain services. They can be defined as statutory charges and discretionary charges for services.
- 2.2 Using discretionary fees and charges is one of the key income-generating options available to local authorities. Section 93 of the 2003 Local Government Act allows authorities to charge for services that they have a power (but not a duty) to provide. The income they can earn from these charges is restricted to the cost of providing them. So, while fees and charges can't be used to make a profit, they could provide the opportunity to invest in infrastructure, because all aspects of service provision can be included in cost. Authorities can also use differential charging based on people's ability to pay.
- 2.3 If an authority wishes to undertake commercial trading activities and make profits this must be undertaken by a trading company. The Local Authorities (Goods and Services) Act 1970 does enable Councils to trade with other Councils and other public bodies.
- 2.4 In recent years as both the service demands have increased and the fiscal position of Local Authorities has become much tighter, there has been an increasing number of Local Authorities considering and implementing opportunities to generate additional income in order to support the budget challenges.
- 2.5 In addition to the restrictions above Local Authorities do not always have the ability to control the level of fees that can be charged, and in some cases the ability to use any income generated is restricted to specific purposes and this is often prescribed by legislation. Examples of this include Planning fees,

where the fee level is set by Government, and the use of any additional planning fee income is restricted to supporting the planning function.

- 2.6 In looking at opportunities for generating additional income it is important that any proposals are aligned to the strategic priorities of the authority and that the business case sets out a clear case of risk and reward to aid and inform the decision on whether to proceed with the project. In doing so the Council has not taken any unnecessary risks through speculative investment and has always taken the position that any income generated from sales, fees and charges is reinvested in Manchester, from keeping the city clean to providing for the most vulnerable in society.
- 2.7 Clearly Covid-19 has had an impact on the level of fees generated and whilst some Government support has been provided this has not currently been extended beyond June 2021, further details on Covid-19 impact is set out in further detail below.

3.0 Service Details

3.1 Overall Council Income Generation Budget

Service Area	2020/21 Budget £000's	2020/21 Actual £000's	2021/22 Budget £000's
Neighbourhood Services	45,563	22,670	48,845
Growth and Development	30,813	29,403	31,533
Corporate Core	32,999	24,537	31,812
Total	109,375	76,610	112,190

Neighbourhood Services Directorate

- 3.2 The Neighbourhood Directorate has a gross budget of £171m and a net budget of £93m. This is supported by £48m of external income generated through sales, fees and charges, details of which are set out below.
- 3.3 As part of the Neighbourhood Directorate budget strategy, there has been a focus has been on developing the Commercial offer and generating increased external income in order to support front line services wherever possible. This is evidenced by the fact that, of the total £7.376m proposed savings for 2021/22, over £7m were to be achieved through increased income generation.

Service Area	2020/21 Budget £000's	2020/21 Actual £000's	2021/22 Budget £000's
Advertising	1,963	799	3,538
Grounds Maintenance	127	139	127
Waste	100	140	100
Parks & Open Spaces	1,438	428	1,619
Leisure & Sport Development	8,346	1,352	8,346
Libraries, galleries & Culture	704	330	704
Neighbourhood Teams	192	119	192
Compliance	2,154	1,164	1,804
Pest Control	522	468	603
Manchester Markets	10,631	4,605	10,186
Catering	9,567	3,800	2,159
Fleet Services	1,694	1,446	1,240
Bereavement Services	3,332	4,236	3,458
Off Street Parking	3,646	570	11,962
Highways	2,425	2,949	2,680
Manchester Contracts	160	125	127
Neighbourhood Directorate Grand Total	45,563	22,670	48,845

- 3.4 **Advertising** – The council has two main advertising contracts, and they are the short format and large format contracts. The income generated is based on the number of Council owned sites that are available to the companies for the installation of their advertisements. As part of the 2021/22 budget process total additional advertising revenue of £1.8m was proposed and this was phased over 2021/22 and 2022/23, with £1.575m being realised in 2021/22 and this is reflected in the increased 2021/22 income budget. The savings are to be delivered through a new small format contract that commenced in 2021/22 and should generate an additional £1.3m per annum. Two new large format advertisements are being proposed for both Dawson St (£50k) and Piccadilly Gardens (£450k), these are both subject to planning consents and applications are yet to be submitted.
- 3.5 The revenue is used to support the delivery of public realm and street scene services.
- 3.6 Advertisement income has been affected by Covid-19 due to advertising companies not generating revenues because of lower footfalls. The existing contracts are based on a fixed number of sites, and in most contracts, there is usually a profit share arrangement in place.
- 3.7 **Grounds Maintenance** - The main external client was Northwards Housing, and this is in respect of maintaining open shared spaces and arboreal work for trees across their area. Since Northwards housing transitioned back into the City Council in July 2021, this work will now be in line with all the other City

Council grounds maintenance works and funded from Housing Revenue Account budgets.

- 3.8 **Waste** - bulky collections across the city are free for an initial collection of up to three items then charged at £27 for up to three items and an administration charge of £20 is applied when residents request a replacement grey bin.
- 3.9 **Parks and Open Spaces** - have been looking to develop their commercial strategy over recent years in order to try and reduce the level of mainstream resources required to support the City's parks and open spaces. The level of fees and charges for Parks is £1.6m, which is an increase of £181k from 2020/21, and reflects new opportunities for income generation and has contributed to the services savings targets. The income is generated through a combination of fees and charges for use of the facilities or rental of space for commissions etc. Within the City Council's current capital programme there is c£12m approved for further investment in parks, and any investment decisions will consider the ability for the investment to generate additional income.
- 3.10 **Leisure & Sports Development** - Around £6m of the Leisure & Sport development income is in respect of stadium rental income and use of the wider Etihad campus. This income is used to fund the costs of maintaining the Etihad campus at c£0.9m p.a. with the balance of £5.118m being transferred to an earmarked reserve that is ringfenced and used to fund ongoing investment in Leisure activities. The reserve is managed in conjunction with Sport England in terms of determining and agreeing priorities for use of the reserve.
- 3.11 **Events** - have an income budget of £495k and this is generated through a combination of sponsorship and rental for events space. The income generated is used to support the costs of events, as part of the cultural offer, across the city, this includes festive events and other City Centre events. This income contributes to the gross annual budget of £1.8m.
- 3.12 The remaining income is in respect of hire/use of facilities that are not within the Leisure management arrangements, this includes c£1.1m for use of the aquatics centre and car parking income, and c£0.724m for rental within sports development.
- 3.13 **Libraries, Galleries & Culture** - generate income mainly through the sale of merchandise, although there is income generated through the hire of rooms in libraries and book fines. Galleries generate income of £227k through sale of merchandise and Libraries have income targets of £461k. In addition to this income there is also a trading arm within the gallery that operates the café and events space. This operates as an independent trading company, and they pay a fixed concession of £100k p.a. to the City Council. In line with all hospitality the trading arm has been severely affected by Covid-19 and they have had to furlough staff in order to reduce staffing costs. The trading arm was successful with an application for Cultural Recovery funding, and this has helped stabilise the company and support with its recovery.

- 3.14 **Compliance Services** - have several different income streams which are broadly based around housing and private sector landlords including fees associated with selective and HMO licensing schemes, fines and land charges for non-compliant properties and default works undertaken.
- 3.15 Other income charging areas within Compliance Services relate to activities such as airport food safety inspections, calibration services and fixed penalty notices for littering and fly tipping.
- 3.16 **Pest Control** - provides services both to internal City Council services such as car parks, housing, and schools, but the majority of services are provided externally to housing associations and private households. The total external income is £0.603m and this helps support the overall costs of the service, the net budget for pest control is £119k and this is in respect of statutory services that cannot be charged for including alley ways or open land that there is no registered owner.
- 3.17 **Manchester markets** cover three distinct trading areas: -
- Retail Markets
 - Wholesale markets
 - Specialist markets, including Christmas
- 3.18 There are currently three **retail markets**, at Longsight, Gorton and Wythenshawe. Total income of £1.409m is in respect of market stall rents, service charges and storage costs paid for by the traders. Currently retail markets have a net budget of c£107k, and this is largely due to the costs of subsidising Wythenshawe market, which is scheduled to close at the end of September as a result of reduced trader numbers over recent years, with options being considered for relocating the few remaining traders as part of the reduction to the current subsidy.
- 3.19 New Smithfield market is the largest **wholesale market** in the Northwest of England and budgeted income is in excess of £3.4m per annum mainly from traders for rental and service charge for stalls and units in the market and use of the asset. To remain open the site requires significant capital investment for which a business case will be brought forward by the end of the year.
- 3.20 **Specialist and City Centre Markets** - include both the Arndale and Church St markets along with the other temporary markets including Piccadilly markets, Christmas markets and the other pop-up markets. The total budgeted income for specialist markets is c£5.2m and this generates a net surplus of over £1.2m that is used to support the overall Neighbourhoods budget. The majority of this income is from the annual Xmas markets with an income budget of almost £3.2m. Clearly this was affected by the cancellation in 2020, and the loss of Albert Square is also having an impact, although officers are looking at possible alternative locations across the City Centre for future xmas markets.

- 3.21 **Catering** has been responsible for providing school meals to both primary and secondary schools for a number of years. The development of the school catering market and fragmentation of the school system with the introduction of Academy Trust chains has meant there has been a steady decline in the number of schools buying catering services from the Council. In December 2020 Council agreed, because of the steadily declining number of schools and the increased costs and loss of economies of scale, that the Council would withdraw from the provision of school meals. Schools have been made aware of the proposals throughout, and formal communication to schools was provided on the 3rd of March 2021 confirming that school catering provision would cease on 31st August 2021, and schools were supported to find alternative providers.
- 3.22 The gross income budget was £10.6m in 2020/21, although this was significantly affected by Covid and the school closures. The income budget for 2021/22 has reduced significantly to £2.159m, this is partially to the continued reduction in schools with 90 schools in 20/21 reducing to 67 in 2021/22, but mainly because of the planned service withdrawal from August 2021. The residual income of £2.1m will not be achieved in 2022/23 following full withdrawal from the service.
- 3.23 **The Fleet Services** function has changed over recent years and with the move towards hiring of vehicles the maintenance and servicing requirements have diminished. The main functions of fleet services now are provision of fuel and the hire of plant and vehicles, with the main external clients being Biffa who purchase fuel, and Manchester registered providers who access both fuel and vehicle hire through fleet services.
- 3.24 **Bereavement Services** charge for burials and cremations across the five cemeteries. Higher rates are charged for non-Manchester residents, and rates are reviewed annually. Due to the impacts of Covid-19 and the increased numbers of deaths in 2020/21 the number of burials and cremations was significantly higher than usual. As part of the 2021/22 budget process a 1.9% increase in fees and charges was approved, this brought Manchester fees in line with other Local Authorities which was confirmed in a review of the industry by the Competition and Markets Authority last year. The income made from the service is ultimately reinvested through projects such as the cremator replacement project which is due to take place over the next few years as cleaner technology is introduced, capital works at the cemeteries and crematorium and the purchase of additional land as required.
- 3.25 **Parking Services** - The City Council's Off-Street Parking has been provided through a joint venture with NCP since 1999, and it was agreed that this arrangement would cease as of 31st December 2020. The City Council took on responsibility for managing its own off street car parking arrangements from January 1st, 2021, and the costs of managing the car parks will be funded through the car parking income. Costs include repairs and maintenance, security, and costs of enforcement. Based on work undertaken to review income and expenditure from the joint venture gross income from parking and enforcement income was anticipated to be c£11.9m per annum,

and this would result in a net surplus of c£4.1m after funding all necessary costs, this was the savings proposed as part of the 2021/22 budget and did assume volumes would return to pre covid levels.

- 3.26 Whilst parking volumes were significantly reduced following transfer, and this can be evidenced by the £0.57m received in quarter 4 against a budget of £3.6m. Since restrictions began to be lifted in May 2021 car parking numbers have started to increase and as of July the weekly numbers for 'Pay on the day' customer is 79% of pre covid numbers. The one area that has not seen a return is the numbers of annual season tickets, this is due to the number of people continuing to work part or all the week from home. The options around flexible season tickets are currently being reviewed, in light of the wider city centre transport strategy, climate change and economic regeneration. The majority of the off street car parks are within the City Centre and are earmarked for developments sites. Therefore, the income from this portfolio will decrease significantly over the next 5 years unless the council chooses to invest in new car parks elsewhere in the city.
- 3.27 The Council spends significantly more on highways and the street scene than it raises from providing car parks.
- 3.28 **Highways** generate income of £2.680m relating to statutory approvals of developments, licensing, permitting, defects and Traffic Regulation Orders on the highway. This funds part of the costs of this part of the highways team.
- 3.29 **Manchester Contracts** support highways services through maintaining and repairing the roads and footways across the City, they do this through a combination of using their own workforce but also through commissioning sub-contractors to undertake certain types of works, or because of the volume of works. Whilst the vast majority of works undertaken are internal City council works a small proportion of external income £127k is generated from specific works for residents in respect of drop kerbs, the income from which is reinvested into the service.

Growth & Development

- 3.30 The Growth & Development Directorate has a Gross budget of £57m and a net budget of £7.3m. The Directorate budgets for £8.6m of grants and contributions, with the largest amount (£8.5m) being in respect of funding for Manchester Adult Education Service, it draws down £9.3m funding from the use of reserves and generates income from sales fees and charges of £31.5m, illustrated in the table below.

Service Area	2020/21 Budget £000's	2020/21 Actual £000's	2021/22 Budget £000's
Planning & Building Control	4,042	4,219	4,042
Licensing	3,456	2,444	3,707
Housing & Residential Growth	635	524	654
MCDA	922	922	922
Investment estate	20,115	20,039	20,733
Corporate Property	1,163	831	994
Facilities Management	480	424	481
Growth & Development Grand Total	30,813	29,403	31,533

- 3.31 Planning & Building Control generate income through charging for services which include processing of planning applications and building control inspections as part of any ongoing development. Planning applications fees are set nationally by Government, and they are intended to cover the costs of work required by the authority to process the planning application. Planning and building control have gross costs of £4.015m, and this is offset by £4.042m - the small surplus contributes towards central overheads required by the service.
- 3.32 Any in year surplus on planning fee income is credited to a ringfenced reserve that can be used to support the planning function, examples of usage include additional costs of producing the local plan and protection against inherent volatility if the numbers of planning applications reduce.
- 3.33 Licensing includes a wide range of different licensing functions but can broadly be broken down into taxi licensing and premises licensing. Taxi licensing operates on a cost recovery model that operates over multiple years, which includes some recovery of central overhead costs.
- 3.34 **Housing and Residential Growth** - budget for income from sales fees and charges of £0.654m, this is from a combination of lease income from the Ben St development (£190k), feed in tariff income from solar panel installations (£200k) and £244k from other miscellaneous sources.
- 3.35 **MCDA (Manchester Creative Digital Assets)** - is a wholly owned company set up to manage and develop The Sharp Project and Space Studios. The £922k income is the surplus returned to the Council to offset the annual repayment for capital works previously undertaken.
- 3.36 **The Investment Estate** holds a number of assets that have been acquired or inherited over the years and generates income through rent and service charge income from City Council tenants. The gross budget for the investment estate is c£8.4m and the gross income from rents, service charge and use of reserve is c£21.06m to generate a surplus of £12.6m that is used to support the Council's overall revenue budget.

- 3.37 It should be recognised that investment estate income is volatile and subject to external influences both inside and outside of the Council's control. These risks have increased even further due to the impact on particular sectors due to Covid-19. Several requests for rental support have been made by tenants and this has included both deferment of rent and in some instances reduced rents. To date the only support that has been provided has been deferment of rents to support cash flow and no rents have yet been written off.
- 3.38 **Corporate Property** – are responsible for managing the Councils overall operational estate and this consist of approximately 350 buildings across the city, these range from large offices to national sporting venues to community facilities like libraries and leisure centres. The gross budget for corporate property is £8.1m, and this is netted off by c£0.994m of income the majority of which is in respect of rent and service charges from tenants who occupy council buildings and assets.
- 3.39 The Facilities Management function was centralised in 2014, the service includes the provision of repairs and maintenance, security services building cleaning and planned preventive maintenance. Records of each building are retained on a system called CPad and this holds historical records of all works ordered for each location. The service has a gross budget of £10.7m, and costs of c£481k are recharged to external clients which includes registered social landlords and Universities. The charges are based on works undertaken on behalf of external clients.

Corporate Core

- 3.40 The Corporate Core has a gross budget of over £311m, although this does include the management of transfer payments such as housing benefit of £188m that are mainly funded through Government grant. The net budget for the Corporate Core is £71.6m, and the main funding sources are Government grants and other contributions £206.3m and gross income from sales fees and charges is c£31.812m. The table below sets provides a breakdown of the £31.812m income and there is narrative below that gives greater details.

Service Area	2020/21 Budget £000's	2020/21 Actual £000's	2021/22 Budget £000's
Chief Executives Corporate Items	170	50	40
ICT	25	16	0
HR/OD	54	49	54
Legal Services	5,928	5,493	5,983
Communications	1,339	752	1,261
Registrars	1,343	953	1,301
Policy, Performance and Reform	608	1,008	116
Revenue & Benefits	3,242	1,674	3,242
Financial Management	295	326	309
Procurement	63	54	59
Audit & Risk	90	90	90
Commercial Governance	73	89	101
Shared Service Centre	344	388	344
Capital Programmes	259	136	260
Decriminalised Parking	12,704	9,238	12,042
Bus Lane Enforcement	6,462	4,221	6,610
Corporate Core Grand Total	32,999	24,537	31,812

- 3.41 **Chief Executives Corporate Items** - are contributions to the council's Social Value Fund which are transferred to a reserve for future investment.
- 3.42 **ICT** provide support to Northwards Housing via a service level agreement, the service provided is for access charges and the budget has reduced in 2021/22 to reflect the transition back into the council of Northwards Housing.
- 3.43 **HR/OD** provide support disclosure and barring service checks for schools and other partners. The income received is offset by the application costs for the checks.
- 3.44 **Legal Services** – provide internal legal advice and support to City Council directorates. However, in addition Legal Services also provide support to two other local authorities, namely Salford City Council and Rochdale Council along with other partner organisations which generates significant income to cover the costs of providing these services.
- 3.45 Manchester have provided legal support to Salford City Council since April 2012. The decision to establish a joint legal service was agreed by Executive in June 2011, and it was proposed that establishing a joint service would provide increased capacity and resilience to both authorities and enable peaks and troughs to be better managed. By doing this it enabled savings to be achieved by reducing the use of external legal support, whilst also enabling management overheads to be shared across both authorities.
- 3.46 The service has been operating successfully since April 2012, the original

contract was prepared on the basis of cost recovery in respect of the staffing costs that were TUPE transferred to Manchester, along with a charge for management and other overheads including accommodation. This provided Manchester with benefits in terms of reducing the overall overhead costs. The original contract included c£144k charge to Salford towards the costs of management.

- 3.47 Whilst the contract has worked well for both authorities there has been an increased demand for services, and this has resulted in a revised contract that is now based on a cost for an agreed level of service provision, but there is a safeguard to protect both authorities in the event of the anticipated demand being +/- 10% of forecast. The contract has been in place since 2019/20 and provides for 30,000 hours of legal support at a cost of £2.713m. In addition, there is a further £250k budget for special projects and additional hours above the 30,000 contracted hours. The actual charge in 2020/21 was £2.802m and this was in respect of the 30,000 hours as per the contract agreement and £89k from the special projects. The actual hours delivered in 2020/21 was 34,000 and this equates to a further £250k which will be recovered in 2021/22 as per the contract agreement. The contract also includes a clause that allows an inflationary increase to allow for any in year pay awards.
- 3.48 Following from the successful collaboration with Salford an additional agreement was made with Rochdale Council for the provision of legal support to Children's Services, which came into effect from 2016/17. The costs of this contract was based on the actual costs of the staff who transferred, plus overheads and a provision for an annual uplift to cover any inflationary increases. The 2020/21 budget for Rochdale was £0.798m and the actual charges were £0.799m.
- 3.49 In addition to the above collaboration agreements Legal services also provide legal support to several other external organisations including Greater Manchester Combined Authority, Manchester and Salford schools and registered providers, including Northwards housing, prior to transition back to the Council. The total income budget for this area is £2.161m, with c£1.082m being charges for services, and the remainder being recovery of costs for conveyancing charges and other third-party costs.
- 3.50 **Communications** has a total income budget of £1.261m and this is achieved through charges to external organisations for a range of services, they include translations, M:four design and print services and placing of advertisement/notices on behalf of other organisations who do not have the necessary skills or expertise in house to undertake such services.
- 3.51 **Registrars** is the joint responsibility of the Registrar General and local authorities. The Registrar General is the Head of the General Register office and makes regulations and issues instructions to be followed by registration offices in carrying out their statutory duties. In addition to this there are a few non statutory services that are carried out they include naming ceremonies.

The fees for the issue of certificates are statutory fees that are set nationally, and other services are charged based on cost recovery basis.

- 3.52 **Policy, Performance and Reform** were expecting to receive £0.53m income from MHCC in 2020/21 to support Voluntary Community Sector organisations. The actual amount received increased to £0.95m. This was a one-off contribution therefore the budget for 2021/22 includes charges for street naming and recharging of staff to Manchester Climate Change.
- 3.53 **Revenue and Benefits** recover any Bailiff costs they incur for cases referred to them for outstanding council tax. In 2020/21 due to increased levels of support provided to residents as a result of COVID -19 there was a reduced number of referrals. Therefore the £1.5m shortfall in income is offset by £1.5m reduction in bailiff costs.
- 3.54 **Financial Management** charge for providing Deputyship Services to clients which is based on a fee set by the court of protection.
- 3.55 **Procurement and Audit and Risk** both provide service support to Bolton Council and GMCA who are charged based on time recording.
- 3.56 **Shared Service Centre** provide payroll services to Academies and other external organisations. The charges are based on the number of payslips produced each month and has been costed to be competitive and recover costs of providing the service.
- 3.57 **Capital Programmes** provide a framework across the Northwest Construction Hub to appoint partners to deliver a scheme or project. As the partners use our framework, we charge a levy to the construction partner which is a percentage of the gross cost of the scheme.
- 3.58 **Decriminalised Parking** has a gross income target of £12.042m and any the use of this money is restricted by legislation. In order that this can effectively be managed any surplus income after the costs of managing the service are credited to a ringfenced reserve. In 2021/22 we are budgeting for £5.479m being credited to the reserve.
- 3.59 Over £5.7m of the total income is generated through car parking charges for use of the on-street parking bays, and over £6.2m is generated from charges administered for non-compliance with parking guidelines or other contraventions such as clamping of untaxed vehicles.
- 3.60 The Council are restricted to what they can use any parking surplus for, and include:-
- Costs incurred by the authority for the operation of public passenger transport services
 - A highways or road improvement project
 - Environmental improvements

NB London authorities can use for maintenance of roads.

- 3.61 **Bus Lane enforcement** operates in a similar way to the decriminalisation of parking in that the penalty charge notice income can be used to fund the costs of administering the service, but any surplus is credited to a reserve and the use of that reserve is restricted to specific uses. In the current financial year total budgeted income is c£6.6m, and it is forecast that £4.695m will be transferred to the ringfenced reserve.
- 3.62 Both bus lane and parking income were significantly affected by the reduced footfall in the city centre during 2020/21, and total income was c£5.6m lower than originally forecast, and this has reduced the level of funding that was transferred into the reserve in 2020/21.

4.0 The overall impact of Covid 19

- 4.1 The government recognised the importance of commercial income for Councils and responded to the Covid pandemic impact by introducing a scheme for compensation for loss of income from sales, fees and charges. The compensation scheme paid out 75% on losses of more than 5% of the budgeted amount. The Council has claimed £12.422m for 2020/21. In 2021/22 the scheme was extended until the end of June 2021, with the Council claiming £4.481m.
- 4.2 For the 2021/22 budget setting, the Council recognised the impact that Covid has had on its income budgets and allocated a one off £9.65m as services recover from the pandemic. The majority of the income budgets are on track against the revised budgets, with the exception of car parking income, market income and advertising revenues as highlighted above and in the regular monitoring reports to Executive.

5.0 Further Opportunities for Income Generation

- 5.1 Opportunities for further income generation are being explored in relation to the public realm assets, such as street lighting columns, in conjunction with the expansion of 5G services. This would generate a rental income from the telecommunications provider as well as improving the 5G network coverage within the city.
- 5.2 The Council also expects to generate income in the longer term from the investment in the Civic Quarter Heat Network. After the initial connections have been completed the CQHN will seek additional customers which will generate further income that could result in an income stream from the dividends generated by the company. The generating capacity of the CQHN has the ability to be expanded through the addition of a second engine which would substantially increase the number of customers that can be connected to the network.