



<b>Decision maker:</b>	Cabinet
<b>Subject:</b>	Income Generation Strategy - 2018/19 - 2023/24
<b>Date of decision:</b>	Cabinet 6 <sup>th</sup> November 2018 Council 13 <sup>th</sup> November 2018
<b>Report by:</b>	Director of Finance & Information Technology (Section 151 Officer)
<b>Wards affected:</b>	All
<b>Key decision:</b>	Yes
<b>Budget &amp; policy framework decision:</b>	Yes

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## 1. Executive Summary

- 1.1 This report proposes an income generation strategy for the Council in order to secure funding for maintaining essential services for residents and also supports the growth of local businesses such that local people benefit from the financial and social impact of the Council's investment decisions. It is important that the Council adopts a creative approach to generating income, to support local communities despite the financial challenges faced.
- 1.2 In common with other Councils, the combined effect of reductions in Central Government Funding, relatively low levels of Council Tax and unavoidable cost increases (particularly associated with Adult and Children's Social Care) has presented the Council with the largest budget deficits that have ever been experienced in modern times. To overcome budget deficits of this scale and make corresponding savings creates a real and substantial risk to the sustainability of public services to residents and businesses.
- 1.3 Some mitigation has been provided by the Business Rate Retention Scheme (BRRS)<sup>1</sup>, allowing the Council to retain 50% of all proceeds of business rate growth, however this is small at circa £3m over the last 8 years in comparison

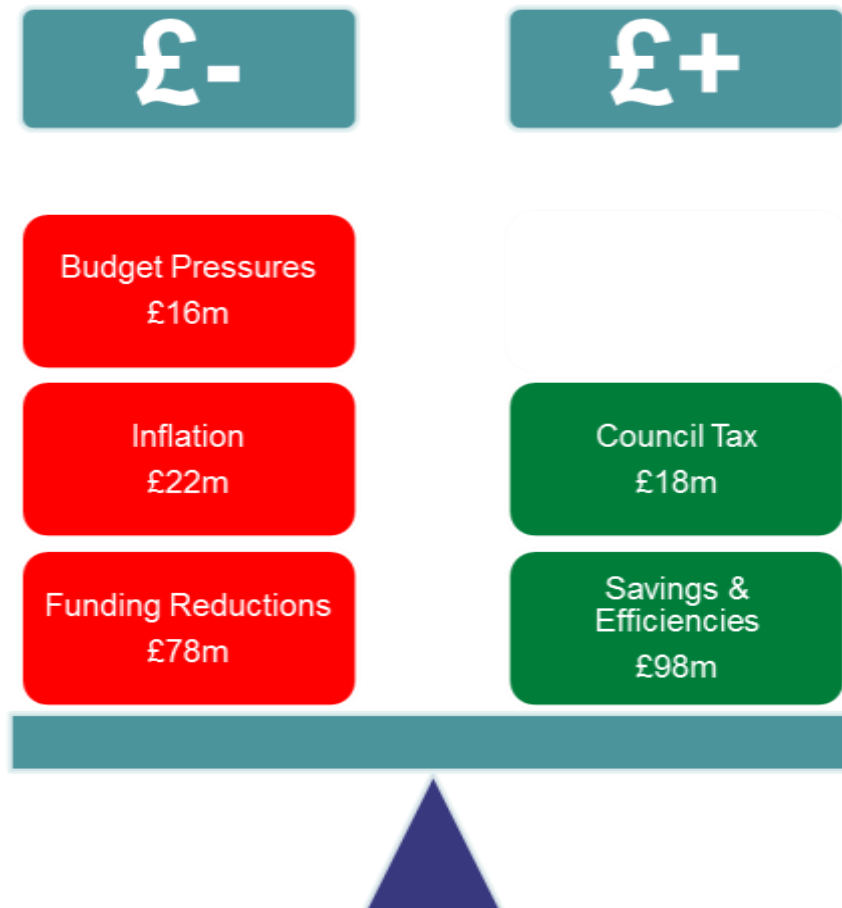
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<sup>1</sup> The Business Rate Retention Scheme (BRRS) is part of Government Funding reductions at £78m. Had the BRRS not been in place, Government Funding would have reduced by £81m (i.e. £81m - £3m + £78m)

with the reductions in funding of £78m and increased cost pressures at £38m over the same period.

- 1.4 As set out below, the Council has been required to make £98m in savings and efficiencies over the past 8 years in order to balance the Budget, ensuring that spending remains in line with income and funding levels.

## BALANCING THE BUDGET - 2011/12 TO 2018/19



- 1.5 As illustrated, the overall combination of reducing Government funding, substantial cost pressures and low levels of Council Tax has resulted in the need to find total savings over the period of £98m, representing circa 46% of the Council's controllable spending.
- 1.6 The challenge of delivering £98m in savings has been further compounded by the relative protection of the essential care services of Adult Social Care and Children's Social Care (accounting for 53% of the Council's total spending). The effect of this protection has been to place the burden of savings disproportionately across all other Council Services.
- 1.7 Looking ahead, the Council's current Financial Forecasts estimate of savings required for the coming year period (2019/20 to 2021/21) will be £12m however

underlying budget deficits exist in both Children's Social Care (£4.5m) and Adult Social Care (£1.6m) amounting to £6.1m in aggregate, which if incapable of remedy will serve to increase the £12m savings by an equivalent amount.

1.8 Savings can be made through generating additional income / funding or reducing costs through efficiencies or service reductions.

To avoid being forced to make cuts in services, the Council will need to resolutely pursue an Income Generation Strategy as its priority mechanism for making the necessary savings required over the medium term. This will inevitably involve a degree of risk and that risk will need to be appropriately managed.

1.9 The Council has an entrepreneurial history and strong track record in generating income that has been ploughed back over the years into delivering public services for the City. The Council:

- Owns and operates the successful Portsmouth International Port (the largest municipal port in the country) and MMD Shipping Services Ltd.
- Has significant land and property interests within the City from which it earns a solid income (e.g. Lynx House, Spinnaker Tower, Brunel wing of Civic Offices, MMD Shipping Ltd., Portchester Crematorium etc.)
- Owns and operates the majority of Car Parks.

1.10 More recently the Council has:

- Successfully began to develop Dunsbury Park following planning permission secured in 2013 - a major business and technology park and winner of Business Park of the Year 2017 (South Coast Property Awards)
- Created a £146m Commercial Property Portfolio that, to date, has generated a cumulative net return of £10.9m
- Entered into lease and leaseback deals in order to improve the annual income return from the Wightlink Quay
- Secured £50m in funding in November 2013 to develop out East and West Tipner, Horsea Island and Port Solent for additional Employment Space and Housing
- Invested in the establishment of a Community Bank
- Secured strategic partnerships with the Isle of Wight Council and Southampton City Council and Gosport Borough Council to jointly provide services
- Scaled up the sale of support services such as HR, Payroll and Audit to external customers.

- 1.11 It is clear however that for the Council to continue to meet the £12m budget deficit forecast over the next three years as well as the potential additional savings that may be required in order to address the rising demand for Adult and Children's Social Care, the Council will need to go further with its income generation activities and it is imperative that a stand-alone Income Generation Strategy is developed and adopted by the Council to sit within the Council's Medium Term Financial Strategy.
- 1.12 There are a number of areas where the Council can extend, intensify and strengthen its income generation activities. These include:
- Housing Development - including social housing, key worker housing, shared Equity housing, housing for private rent and sale
  - Further commercial property acquisitions - both within and outside of Portsmouth
  - Direct investment into Portsmouth based commercial ventures where a strong business case exists to drive financial returns to the Council and economic returns to the City
  - Acquiring property for regeneration purposes, using compulsory purchase powers where necessary to unlock development - examples may include the Northern Quarter development, Brunel House and Tipner
  - Maximise commercial opportunities from any new Council led developments and projects
  - Securing additional funding from Government relating to both regeneration and also where the Council has a unique case for funding cost burdens.
- 1.13 The activities above have been combined with existing activities currently defined within the Council's Medium Term Financial Strategy to form the proposed Income Generation Strategy 2018/19 - 2023/24 provided at Appendix 1. The Income Generation Strategy will sit within the umbrella strategy of the Medium Term Financial Strategy and represents a further and more explicit articulation of one of the key themes currently contained within it.
- 1.14 The Income Generation Strategy is designed to both increase income to the Council as well as increase funding from Council Tax, Business Rates and Government Grants.

- 1.15 The proposed strategy is designed to deliver additional income over the short, medium and longer term and is built on the following themes:

Short to Medium Term:

- Government engagement
- Fair taxes, fees and charges
- Exploit existing capacity to sell services

Short, Medium and Longer Term:

- Entrepreneurial and commercial services
- Strategic use of property assets

Medium to Longer Term:

- Improving the City economy
- Meeting housing need
- Public service transformation

- 1.16 The Council has a comprehensive financial framework in place designed to avoid any financial obstacles to delivering its Income Generation Strategy. At the heart of the financial framework is a system of decentralised financial planning. Portfolio holders have substantial financial decision making autonomy and accordingly are charged with being accountable for proper financial planning and responsible spending. In practice it will require Portfolio Reserves, the MTRS Reserve, Prudential Borrowing and the Capital Programme to be used primarily to deliver savings.
- 1.17 The financial challenge facing the Council and the necessary future savings requirements are the biggest threat to the sustainability of Council services. The proposed Income Generation Strategy provides crucial mitigation against that threat. Delivering the Income Generation Strategy will require the continuation of strong financial discipline, clearly prioritising the protection of existing key services over potential new service initiatives.

## **2. Purpose of Report**

- 2.1 The primary purpose of this report is to describe the Administration's strategy for income generation over the next 5 years within the overall context of the Council's Medium Term Financial Strategy. The proposed Income Generation Strategy is a significant contributor to the overall Medium Term Financial Strategy for the Council which seeks to achieve £12m of savings (or more if necessary) over the next 3 years.

2.2 In particular, this report sets out the following:

- (a) A brief summary of the Medium Term Financial Strategy for achieving the necessary savings
- (b) The Council's current and forecast funding position in relation to Government Grants, Council Tax and Business Rates and the risk attached to those forecasts
- (c) The current and future expectations for Council spending
- (d) The resulting gap between funding and spending over the medium term (i.e. the Budget Deficit)
- (e) The proposed Income Generation Strategy for 2018/19 - 2023/24 (as a primary vehicle to meet the Budget Deficit) and the necessary financial framework to support its delivery.

### 3. Recommendations

3.1 It is recommended that:

- (a) The proposed Income Generation Strategy 2018/19 - 2023/24 is approved
- (b) The underpinning financial framework required to support the delivery of the Income Generation Strategy and the wider Medium Term Financial Strategy is noted.

### 4. Background

#### Medium Term Financial Strategy (MTFS)

4.1 The Council's MTFS with its stated aim and key strands are described below. It already has an emphasis on entrepreneurial and regeneration activities and there is a presumption that Capital investment will also be targeted towards income generation and economic growth once the Council's statutory obligations have been met.

#### **OVERALL AIM**

*"In year" expenditure matches "in year" income over the medium term whilst continuing the drive towards regeneration of the City, being entrepreneurial and protecting the most important and valued services*

### STRAND 1 - Short / Medium Term

Transforming to an Entrepreneurial Council - through income generation

### STRAND 2 - Medium / Long Term

Reduce the Extent to which the Population Needs Council Services - through improving prosperity and managing demand

### STRAND 3 - Short / Medium Term

Increasing Efficiency & Effectiveness - by improving value for money across all services

### STRAND 4 - Short Term

Withdraw or Offer Minimal Provision for Low Impact Services

- 4.2 This report exemplifies and re-focuses the Council's "Strand 1" into a more strategic approach to income generation with broader reach.

#### Government Funding

- 4.3 Government funding has reduced by 54% since 2011/12 amounting to £78m and is forecast to decrease further over the next 3 years.
- 4.4 There is a good degree of certainty of the Government Funding for the next financial year, being a further reduction of £6m which was announced as part of the 4 Year Settlement that the Council has entered into but which ends in 2019/20. The overall forecast reduction for the 3 year period to 2021/22 amounts to £11.9m, however from 2020/21, a new formula funding methodology will be in place, this is currently under consultation and is known as the "Fair Funding Review". It seeks to fundamentally review either the methodology (or formula) for allocating funding as well as the underlying data used to populate the methodology. The forecast reduction in Government funding of £11.9m therefore is particularly uncertain.

#### Council Tax

- 4.5 The Council is a low taxing Authority and currently taxes at a level that is approximately £6m per annum less than the average Unitary Authority within its statistical neighbour group, a gap which if closed would reduce the Savings Requirements of the Council by the same sum. Importantly however, Council Tax now represents almost 46% of the Council's total revenue funding and as

Government funding has reduced, this has become an increasingly more important and dependent funding source for the Council. Council Tax rises alone however, are not sufficient to meet even the basic inflationary cost increases of the Council's services.

#### Business Rates

- 4.6 The Retained Business Rates system is complex and subject to a significant degree of inherent risk. The current national system is characterised by a complex formula which involves retaining 50% of all Business Rates generated in the area but which is subject to variables such as:
- Growth or reductions in the business rate base (i.e. number and size of business in the local area)
  - The value of successful appeals
  - The number of mandatory reliefs (e.g. charitable relief)
  - The overall collection rate (i.e. how much is uncollectable and written off)
- 4.7 The Council has benefited from the national Business Rate Retention Scheme from 2013/14 to 2017/18 by £3m per annum and now from being a 100% Business Rate Retention Pilot for 2018/19 of a further £3m although this latter £3m is only guaranteed for 2018/19.
- 4.8 As part of the comprehensive review of the Local Government funding system (i.e. the Fair Funding Review), there will also be a "Reset" of the Business Rates Baseline in 2020/21. This means that any growth in Business Rates currently being enjoyed by the Council (£3m per annum and a further £3m guaranteed for 2018/19 only) could be lost.

#### Funding Summary

- 4.9 The Council's funding position overall is low (i.e. Council Tax), falling (i.e. Government Funding) and uncertain (i.e. Government Funding and Business Rates). From 2020/21 onwards there is significant uncertainty within the whole Local Government Funding system. The Council's forecasts of funding for the next 3 years assume that the combined impact of the Fair Funding Review and the Business Rate reset will be broadly neutral but that there is a potential for the impact to be +/- £3m per annum.
- 4.10 The low, falling and uncertain levels of funding experienced by the Council present a compelling reason to drive through income generation as both a strategy to avoid cuts to Council services as well as to mitigate against the risk of uncertain funding levels in the future.

#### Outlook for the Costs of Providing Services

- 4.11 Over the past 8 years, costs have risen substantially. The combination of inflation plus unavoidable cost pressures, particularly in Adult and Children's Social Care, have added an overall cost burden of £38m over the period



4.12 The cost of providing services continues to rise and at a level beyond the rate of inflation. In general, the cost of providing Services are driven by the following:

- i) Pay and price inflation which will include the increasing cost of the National Living Wage, general price increases and increases in interest rates
- ii) Increases in demand for services, largely driven by social, economic and demographic pressures such as availability and affordability of housing, employment levels and the living longer population and the consequences for Adult Social Care

4.13 The Council is currently experiencing significant cost pressures in both Adult and Children's Social Care and, as previously mentioned, these Services account for 53% of total Council spending. Whilst actively managed, costs pressures in these areas are expected to continue and could lead to the Budget Deficit of £12m rising in the future.

Resulting Savings Requirements 2019/20 - 2021/22

4.14 Taking both cost pressures and funding reductions together and looking forward beyond 2018/19 (and subject to the review of the Local Government Funding system), the Council's future financial forecasts indicate a challenging position with a forecast Budget Deficit over the period 2019/20 to 2021/22 of £12m. Government funding reductions, inflation and demand led cost pressures in the essential care services of Adult Social Care and Children's Social Care continue to be the driving forces contributing to the £12m forecast Budget Deficit.

4.15 The £12m forecast Savings Requirements for future years are proposed to be phased to have regard to a managed reduction in spending and service provision over a realistic period as set out below:

	<b>Revised Underlying Budget Deficit</b>	<b>Revised In Year Target</b>	<b>Revised Cumulative Saving</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
2019/20	4.7	4.0	4.0
2020/21	8.9	4.0	8.0
2021/22	11.9	4.0	12.0

4.16 Whilst income generation alone is unlikely to meet the necessary savings and meet those savings in the necessary time scales, it is nevertheless crucial for ensuring the short to medium term viability of Council services at acceptable levels to residents as well as providing greater certainty of the sustainability of Council services over the longer term.

**5. Income Generation Strategy 2018/19 to 2023/24**

## Strategy Development

- 5.1 The Council, until now, has not had a stand-alone strategy for income generation; rather it has embedded its income generation strategies within the Medium Term Financial Strategy itself. The Income Generation Strategy proposed within this paper represents an expanded, intensified and strengthened proposition, going further than current plans and, in particular, providing greater emphasis on delivering affordable housing and direct investment into Portsmouth based commercial ventures.

### ***Housing Delivery (Meeting Housing Need)***

- 5.2 Housing, in particular has multiple benefits and reaches across a number of Council objectives as follows:
- i) Generate income for the Council - either to the Housing Revenue Account or the General Fund (via Ravelin - an arm's length development company)
  - ii) Raising prosperity for residents by making housing more affordable
  - iii) Providing accommodation for key workers - e.g. Social Workers and Teachers, therefore attracting talent to the City and reducing the reliance on more expensive agency workers
  - iv) Meeting the demand for housing and thereby reducing residents' reliance on other Council services.

### ***Investing in the City Economy (Regeneration)***

- 5.3 Regeneration can also deliver multiple objectives, replicating some of those above such as raising prosperity through employment and the "knock on" effect of increasing business rates as well as reducing residents demand for Council services. In addition, regeneration can:
- i) Bring redundant assets into productive economic use
  - ii) Increase economic growth and productivity
  - iii) Provide commercial opportunities for the Council
  - iv) Stimulate further demand for Inward Investment (and create further new jobs)

Some of the significant opportunities for intervention that currently exist include the Northern Quarter development, Brunel House and Tipner which may require acquiring property using compulsory purchase powers where necessary to unlock development.

### ***Commercial Property Investment Fund (Entrepreneurial & Commercial Activities)***

- 5.4 The Administration would wish to see a greater emphasis on securing investment opportunities within the City or its functional economic area and journey to work area. The Fund is currently contributing circa £4m per annum towards the Council's savings requirements which is expected to rise to circa £5m once fully built out and matured. The fund will seek further new investments that meet the criteria for safeguarding of public funds alongside solid financial returns both within Portsmouth and further afield.

### ***Commercial Investment (Entrepreneurial & Commercial Activities)***

- 5.5 The Administration is also keen to explore direct investment opportunities into Portsmouth based commercial ventures where a strong business case exists to drive financial returns to the Council as well as driving economic returns to the City. Similar to all other investment opportunities, the safeguarding of public funds is the Council's first priority. Where this can be demonstrated alongside good financial and economic returns, strong governance, talented senior management and robust risk management, investment will be made.

### ***Government Engagement (funding)***

- 5.6 Securing additional funding from Government relating to both regeneration and also where the Council has a unique case for funding cost burdens will also continue to be a particular priority within the Income Generation Strategy due to the multiple benefits it can derive (as previously set out).

### **Strategy Proposal**

- 5.7 The approach to Income Generation extends to both additional income as well as additional funding (i.e. from Government Grants, Business Rates and Council Tax). It is also set within the context of other Council policies and strategies to form a cohesive approach to generating income which is fully aligned with the Council's priorities.
- 5.8 The proposals contained within this Income Generation Strategy are designed to deliver greater levels of income over the short, medium and longer term. It describes those plans which can be delivered more quickly to support the more immediate viability of Council services and those that have longer development and lead in times but, which taken together with the short to medium term plans, will ultimately maximise the prospects for the longer term sustainability of Council services.

5.9 The strategy is built upon the following themes and set out in detail in Appendix 1:

*Short to Medium Term:*

- Government engagement - *including changes to the Local Government Funding system and bidding for regeneration funding and other specific funds*
- Fair taxes, fees and charges - *including annual increases in taxation to at least cover the Council's inflationary costs as well as raising fees and charges based on affordability*
- Exploit existing capacity to sell services - *including the development, marketing and sale of services where the Council has a strong product and competitive advantage and the extension of strategic partnership arrangements*

*Short, Medium and Longer Term:*

- Entrepreneurial and commercial services - *including new Council commercial ventures delivering employment and economic growth, continuing the development of Dunsbury Farm, continuation of Property Investment (in Portsmouth and elsewhere) etc.*
- Strategic use of property assets - *including supporting the "One Public Estate" programme, developing PCC sites for employment and housing and maximising opportunities for appropriate advertising on prominent assets*

*Medium to Longer Term:*

- Improving the City economy - *including the pursuit of a City Deal with Government to attract long term investment funding, targeting the Council's Capital Programme into economic growth (e.g. strategic transport infrastructure, acquisition of regeneration sites and employment site viability), improving the City's digital infrastructure to attract inward investment and exploiting the opportunities of the City Deal (Tipner) to create Housing and Employment space*
- Meeting housing need - *including the use of PCC and externally held land to deliver increases in Social and Affordable Housing for sale and rent*
- Public service transformation - *including a review of the opportunities for Local Government re-organisation, deeper integration with The Health and Voluntary Sectors, in sourcing contracts that are no longer the most cost-effective option and the use of digital technology to transform service provision*

## Strategy - Supporting Financial Framework

5.10 To support the Income Generation Strategy, the Council has a financial framework that is designed to remove any financial barriers to pursuing viable opportunities. These are described briefly below:

- Earmarked Reserves:
  - Portfolio Reserves - The council has a decentralised model of financial management which has been designed to promote medium term financial planning and responsible spending. It places both financial decision making and accountability with Portfolio holders. Accordingly, Portfolio holders can manage their funding flexibly across financial years in order to meet spending needs. Any underspendings are retained by the Portfolio and any overspending must be met by the Portfolio. Underspendings are accumulated in a Portfolio Reserve and should be used responsibly to support initiatives that can deliver future savings (i.e. Spend to Save initiatives) and be available to meet known and unknown future pressures; once those have been properly planned for any other service initiative can be pursued
  - MTRS Reserve - This is held to cover the cost of redundancies but also to fund Spend to Save initiatives that are of a scale which is unaffordable by an individual Portfolio
- Prudential Borrowing - Borrowing is available for Invest to Save Schemes of a capital nature but only if there is strong certainty that the resulting debt repayment costs can be more than met from the savings or additional income that is generated as a consequence of the investment. Where Capital Investment schemes are more speculative or there is more risk attached to the generation of sufficient income / savings to meet the resulting debt costs, then those schemes will need to be funded with existing Council funds either from the Revenue Budget or the Capital Programme
- Capital Programme - There is a presumption contained within the existing overarching Medium Term Financial Strategy that the Capital Investment will be targeted towards income generation and economic growth once the Council's statutory obligations have been met. This requires a strong financial discipline to avoid the temptation of funding new service initiatives over investments that will drive income generation or savings for the Council and therefore prioritising the sustainability of key essential services into the future.

**6. Conclusion**

- 6.1 The proposed Income Generation Strategy 2018/19 - 2023/24 sits under the umbrella of the Medium Term Financial Strategy (MTFS), it goes further than the current MTFS, strengthens it and exemplifies it in greater detail. The Income Generation Strategy places particular emphasis on increasing the supply of affordable housing and investing within Portsmouth as key drivers of both generating income as well as meeting demand and raising prosperity in the City overall.
- 6.2 The financial challenge facing the Council and the necessary future savings requirements are the biggest threat to the sustainability of Council services. The proposed Income Generation Strategy provides crucial mitigation against that threat. Delivering the Income Generation Strategy will require the continuation of strong financial discipline, clearly prioritising the protection of existing key services over potential new service initiatives.

**7. Equality Impact Assessment (EIA)**

- 7.1 The proposals contained within the Income Generation Strategy are general in their nature and set a broad direction of travel. Prior to implementation detailed proposals will need to be formulated and subject to a separate decision making process. Once individual proposals are developed, an Equality Impact Assessment will be considered at that time.

**8. City Solicitor’s Comments**

- 8.1 It is within Cabinet's power to make this decision.

**9. S.151 Officer's Comments**

- 9.1 All of the financial information is reflected in the body of the report and the Appendices.

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Signed by: Section 151 Officer  
**Appendices:**

- 1 Income Generation Strategy 2018/19 to 2023/24

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Portsmouth City Council - Budget & Council Tax 2018/19 & Medium Term Budget Forecast 2019/20 to 2021/22	<a href="https://democracy.portsmouth.gov.uk/mgChooseDocPack.aspx?ID=3447">https://democracy.portsmouth.gov.uk/mgChooseDocPack.aspx?ID=3447</a>
Budget Working Papers	Office of Director of Finance & Information Technology
Local Government Finance Settlement 2018/19	Office of Director of Finance & Information Technology

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the City Council on 16 October 2018.

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Signed by: Leader of Portsmouth City Council

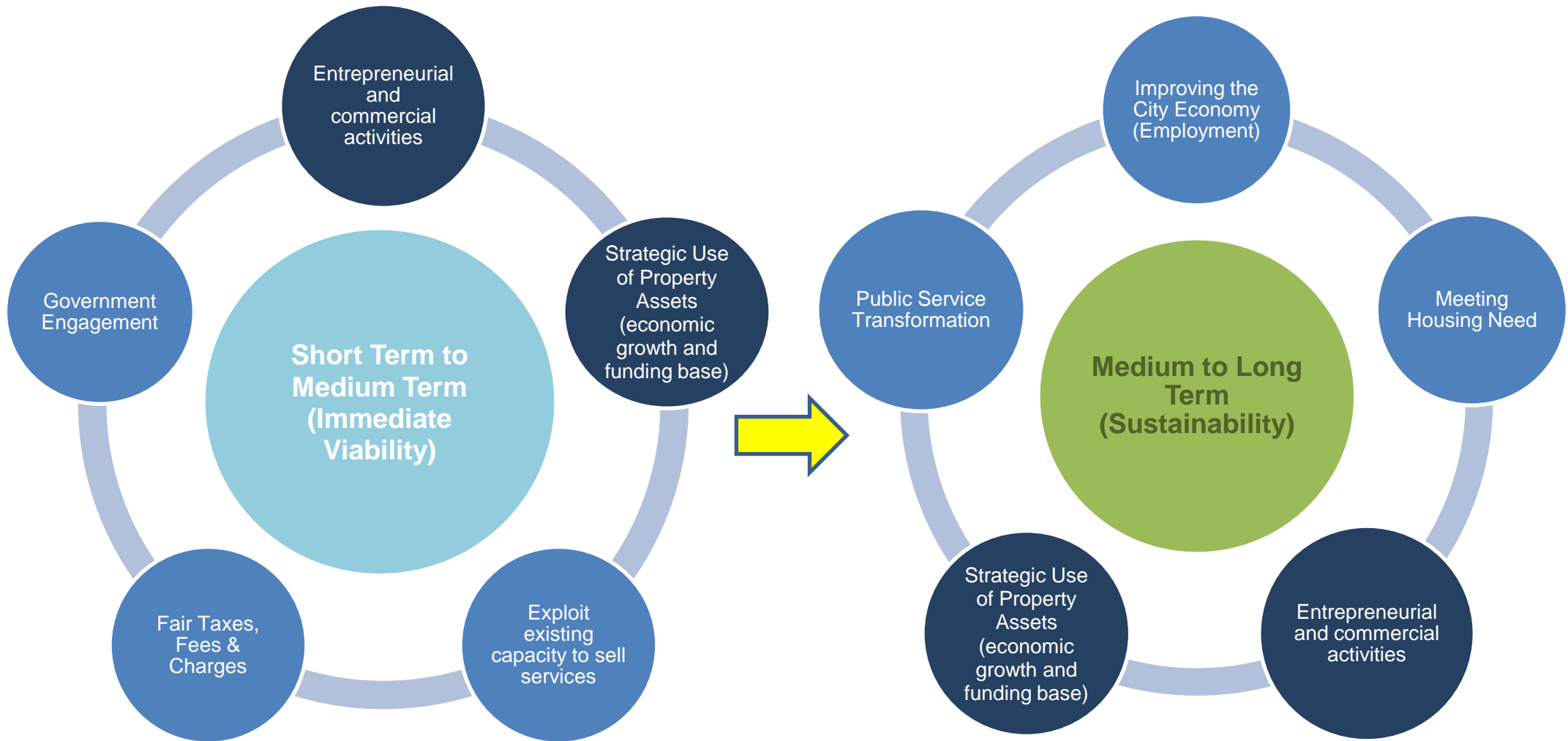
## MEDIUM TERM FINANCIAL STRATEGY - AIM

### *OVERALL AIM*

*"In year" expenditure matches "in year" income over the medium term whilst continuing the drive towards regeneration of the City, being entrepreneurial and protecting the most important and valued services*



# INCOME GENERATION STRATEGY 2018/19 TO 2023/24



# Detailed Income Generation Strategy 2018/19 & Beyond

Strategy - Short to Medium Term		Income	Funding	Priorities
		Increase Income	Increase Bus. Rates / C.Tax / Govt. Funding	Manage Current & Future Demand
Government Engagement	Apply to continue in the Business Rate Retention Scheme Pilot for 2019/20 and beyond		✓	
	Lobby Central Government to remove anomalies within the Business Rates system which incentivise Business Rate Avoidance (e.g. no requirement to notify Local Authorities of occupation or changes to premises)		✓	
	Lobby Central Government for additional funding through the "Fairer Funding Review" and other existing funding streams		✓	
	Lobby Central Government specifically for full re-imburement for the additional costs of Unaccompanied Asylum Seekers		✓	
	Targeted early investment into transformational regeneration schemes (on a phased basis) to move schemes towards "oven ready" status in order to maximise the opportunity for external funding		✓	
	Focus bidding applications (for Government Funding) alongside the Council's limited corporate capital resources ("match funding") towards transformational economic growth and productivity- prioritising Digital, Housing, Transport & Cultural investments	✓	✓	✓

# Detailed Income Generation Strategy 2018/19 & Beyond

Strategy - Short to Medium - Term		Income	Funding	Priorities
		Increase Income	Increase Bus. Rates / C.Tax / Govt. Funding	Manage Current & Future Demand
Fair Taxes, Fees & Charges	Increase Council Tax within the limits of the “capping regime” in order to at least cover the Council's normal inflationary costs		✓	
	Undertake frequent reviews and inspections to ensure that Council Tax discounts and exemptions are being properly claimed (e.g. Single Person Discounts)		✓	
	Maximise the identification and collection of Business Rates due by: <ul style="list-style-type: none"> <li>Improving knowledge and intelligence of changes in Businesses circumstances</li> <li>Ensure an equitable application of Business Rate reliefs in accordance with the national scheme</li> </ul>		✓	
	Continual review of fees and charges to: <ul style="list-style-type: none"> <li>Maximise the opportunity to achieve full cost recovery</li> <li>Introduce fees and charges where the Council has the power to do so but subject to the Council's policy objectives (see below)</li> <li>Ensure alignment with policy objectives and affordability e.g. Essential services to residents of limited means are appropriately subsidised but valuable Services that users can afford are charged at full cost.</li> </ul>	✓		✓

## Detailed Income Generation Strategy 2018/19 & Beyond

Strategy - Short to Medium Term		Income	Funding	Priorities
		Increase Income	Increase Bus. Rates / C.Tax / Govt. Funding	Manage Current & Future Demand
Exploit Existing Capacity to Sell Services	Promote and market Support Services and other Professional Services where the Council has (or is able to develop) a strong product offering and competitive advantage	✓		
	Extend strategic partnerships with other Local Authorities as a means to generate income, share management overheads, create efficiencies, share other skills and capacity and improve resilience	✓		✓

# Detailed Income Generation Strategy 2018/19 & Beyond

Strategy - Short, Medium & Longer Term		Income	Funding	Priorities
		Increase Income	Increase Bus. Rates / C.Tax / Govt. Funding	Manage Current & Future Demand
Entrepreneurial, Commercial and Collaborative Activities (with managed risk)	Invest in Portsmouth based commercial ventures (via equity or debt) where there is a strong financial case for the Council and a solid strategic and economic case for the City (e.g. increased business growth and employment)	✓	✓	
	Continue to build the £183m Commercial Property Acquisition Fund with a portfolio of assets of different size, across sectors and geographies with strong covenants and in strategic growth locations	✓		
	Continue to build out the Dunsbury Farm Business Park development on a commercial basis	✓		
	Explore opportunities for the expansion and diversification of Port related activities	✓	✓	
	Engage with a Municipal Energy Company to provide competitive tariffs to residents, renewable energy and a financial return to the Council	✓		✓
	Investment into Hampshire Community Bank, supporting SME growth / employment and financial grants to good causes	✓	✓	✓
	Promote the existing "in house" Energy Services offer to Public Bodies to include Solar PV installations and other Mechanical and Engineering services	✓		
	Consider crowd funding opportunities as a mechanism for pursuing otherwise unaffordable resident priorities	✓		✓

# Detailed Income Generation Strategy 2018/19 & Beyond

## Strategy - Short, Medium & Longer Term

		Income	Funding	Priorities
		Increase Income	Increase Bus. Rates / C.Tax / Govt. Funding	Manage Current & Future Demand
Strategic Use of Property Assets	Pursue the One Public Estate initiative to identify Public Sector sites suitable for Development	✓		✓
	Pursue the One Public Estate initiative aimed at co-locating appropriate health and care services and releasing land and property for alternative use	✓		✓
	Continual strategic review of the use of property assets (assessing economic value vs. current use) to identify sites for: <ul style="list-style-type: none"> <li>• Employment</li> <li>• Housing</li> <li>• Other economic income generating uses</li> <li>• Disposal</li> </ul>	✓	✓	✓
	Leverage the Council's covenant strength to improve rental yields of the Council's property assets	✓		
	Identify and market property assets suitable to be used for digital advertising	✓		
	Utilise the Council's property assets for appropriate advertising which is consistent with the image of and vision for the City	✓		

# Detailed Income Generation Strategy 2018/19 & Beyond

## Strategy - Short, Medium & Longer Term

Strategy - Short, Medium & Longer Term		Income	Funding	Priorities
		Increase Income	Increase Bus. Rates / C.Tax / Govt. Funding	Manage Current & Future Demand
Investing / Improving the City Economy	Work with partners to pursue alternatives to the Solent Combined Authority bid submitted with Isle of Wight Council and Southampton City Council to reduce overheads and secure infrastructure funding	✓		✓
	Capital Investment prioritised towards economic growth (e.g. strategic transport infrastructure, acquisition of regeneration sites and employment site viability)		✓	✓
	Maximise the opportunity of the Local Full Fibre Network (Super-fast digital infrastructure) to improve overall productivity for existing City Businesses, attract new inward investment and provide an income stream to the Council	✓	✓	✓
	"Design In" commercial opportunities to all significant infrastructure investments - e.g. Sea Defences, Strategic Road infrastructure, Housing Development	✓	✓	✓
	Maximise the Employment and Housing opportunities on the City Deal sites, with a preference for the Council to be a landlord where the financial reward and risk profile are acceptable to the Council	✓	✓	✓

## Detailed Income Generation Strategy 2018/19 & Beyond

Strategy - Medium to Long -Term		Income	Funding	Priorities
		Increase Income	Increase Bus. Rates / C.Tax / Govt. Funding	Manage Current & Future Demand
Meeting Housing Need	Lobby / apply for additional freedoms for the HRA in order to finance a new Social Housing building programme	✓		✓
	Develop or facilitate Affordable Housing / Key Worker Housing for rent and sale either directly or in partnership including the use of suitable PCC owned sites where it is the best economic use of the site	✓		✓
	Develop or facilitate Affordable Housing / Key Worker Housing for shared ownership either directly or in partnership including the use of suitable PCC owned sites where it is the best economic use of the site	✓	✓	✓
	Develop supporting living accommodation to improve the independence of residents requiring care and generating rental income	✓		✓



# Detailed Income Generation Strategy 2018/19 & Beyond

Strategy - Medium to Long - Term		Income	Funding	Priorities
		Increase Income	Increase Bus. Rates / C.Tax / Govt. Funding	Manage Current & Future Demand
Public Service Transformation	Consider options for further joint arrangements, shared working and Local Government Re-organisation as a mechanism to develop the wider economy (relieving the constraints of historic administrative boundaries), reduce the cost of duplication in service provision, use duplicated assets to generate income and improve overall resilience		✓	✓
	Review significant external contracts to establish the case for "in sourcing" as a means to sell services, make savings and improve corporate capacity and resilience	✓		
	Pursue Public Service integration (e.g. Health & Social Care) to primarily support improved outcomes but also to provide economies through the sharing of assets, management overheads and support service functions	✓		✓
	Deeper integration with the Voluntary and Community Sector in the development of people centred care (e.g. in the provision of care services) also to provide economies through the sharing of assets, management overheads and support service functions	✓		✓
	Use technology and digital solutions to provide greater personal independence for providing care and charge where appropriate	✓		✓