



JOINTLY OWNED BY



HM Treasury



# LOCAL GOVERNMENT INCOME GENERATION CONFERENCE

17 January 2023



# OPENING REMARKS



# WHO WE ARE

**Local Partnerships is a joint venture between the Local Government Association, HM Treasury and the Welsh Government.**

We work solely for the benefit of the public sector. We bring public and private sector experience that provides **confidence**, **capacity** and **capability**, helping central and local government, the devolved administrations, and other public sector organisations achieve and maintain financial resilience.



# WHO WE ARE

Our experts provide trusted, professional support and advice over multiple disciplines, helping the public sector make best use of limited resources as demand for services rises.



**Climate response**



**Energy and retrofit**



**Waste and circular economy**



**Air quality**



**Infrastructure, housing and regeneration**



**PPP/PFI and MIM**



**Health and social care**



**Commercial initiatives**



**Local government reorganisation and devolution**



**Assurance**

# RISK VS OPPORTUNITY

## Scully criticises councils 'speculating' on markets

07 OCTOBER 2022 | BY JESSICA HILL

**News analysis: Why are councils setting up private companies to build homes?**

**Local councils spend £1bn on business parks and shopping centres**

Outlay of £780m in third quarter more than previous 3 years combined

**Councils go commercial: authorities seek independence by making profit**

Councils are outsourcing their expertise in delivering public services - but the practice raises ethical and legal questions

**Bankruptcy risk as 'desperate' councils play the property market**

Liberal Democrat former business secretary Vince Cable warns of gambles taken by local authorities hit by cuts

"If we want to be free, then we have to have financial freedom," Andre Povey, leader of [Surrey county council](#), told the Conservative party conference last month. "I want to go on to develop businesses that give us more income."

**Council funding freeze 'means cuts to many essential services'**

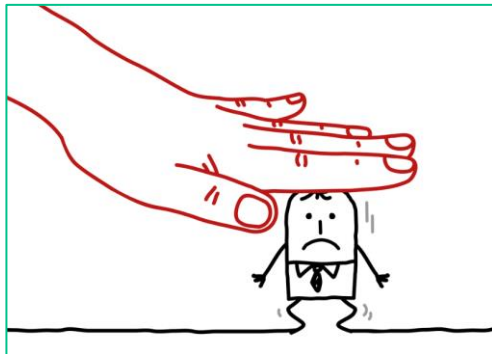
Head of local government body issues warning after funding settlement offers no additional money for authorities in 2017/18

**Councils 'at breaking point' due to budget cuts and rising social care bills**

Millions of residents face council tax rises, as thinktank finds just 6% of local authorities expect to not have to increase rates

**Thurrock to borrow £836m to pay back other councils**

# DRIVERS FOR COMMERCIAL ACTIVITIES AND INCOME GENERATION



Relentless pressure to do things **more efficiently** with **fewer resources**

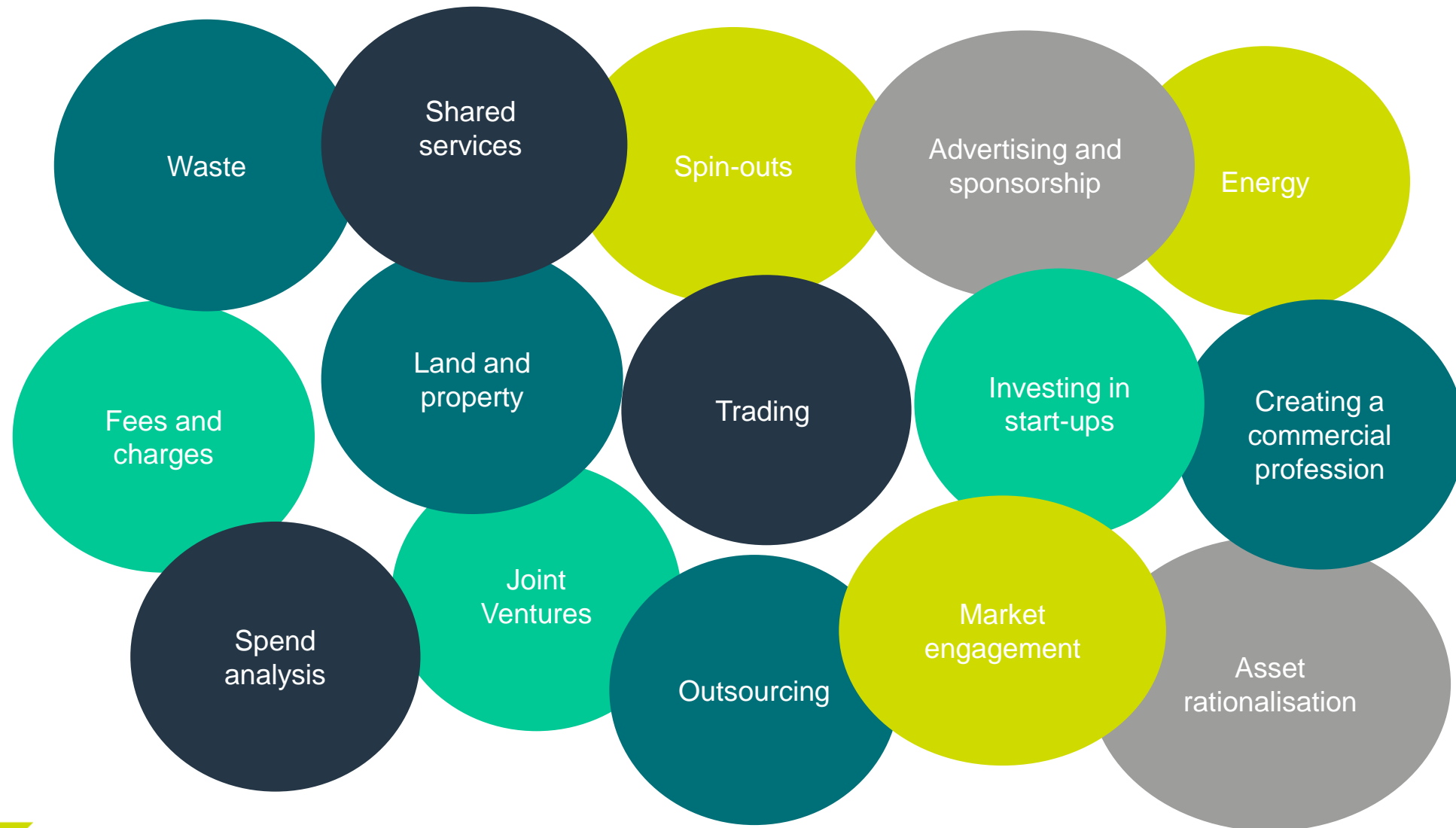


Ageing population and population growth create **increased demand** for services



Contains a general **power of competence** for Councils – offers opportunity to **generate income innovatively**

# WHAT COMMERCIAL COUNCILS ARE DOING

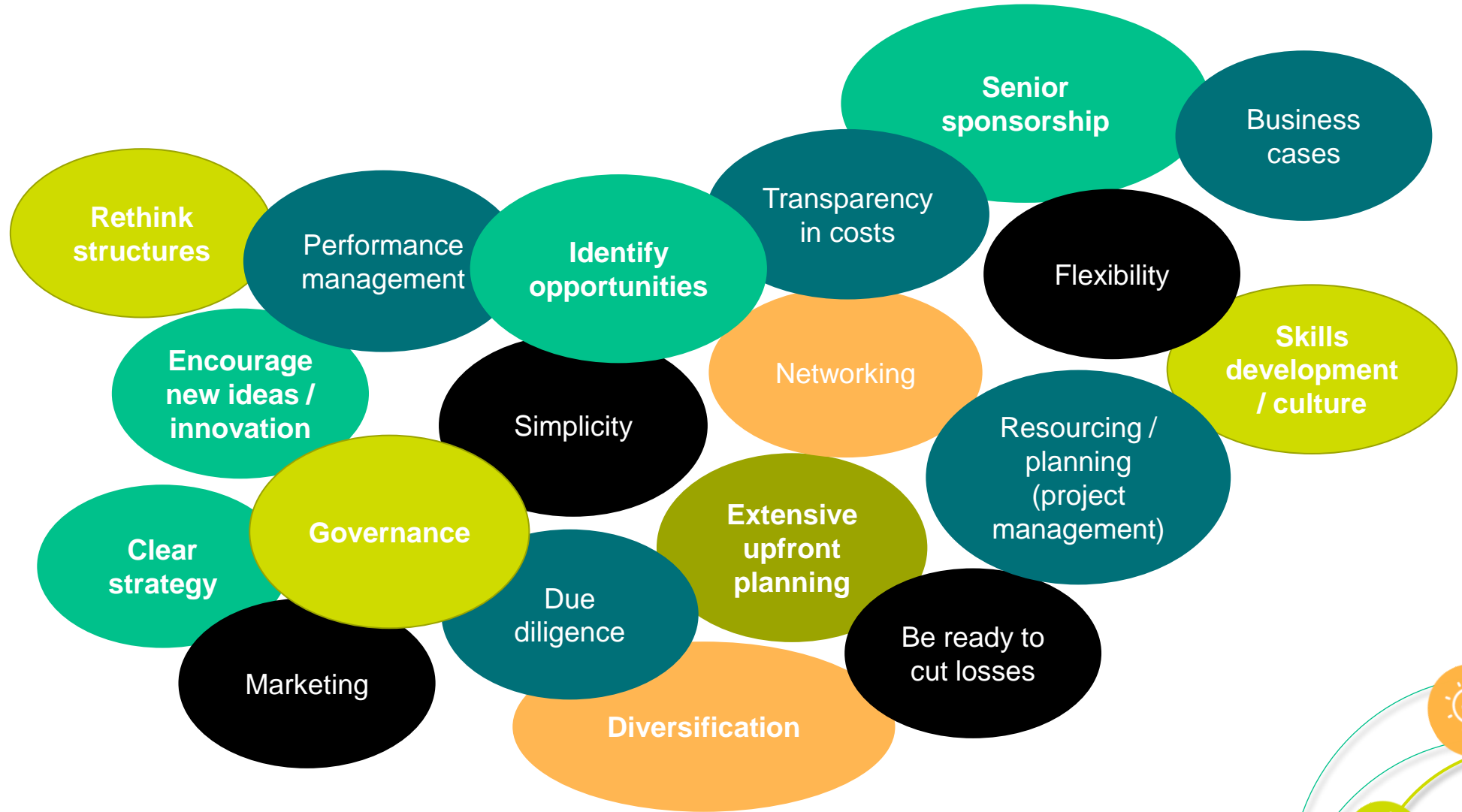


# CLOSING REMARKS





# BUILDING FOR SUCCESS





## WHAT TO AVOID

- Have **no clear understanding** of what good looks like
- No clear definition / understanding of the difference between a statutory and discretionary service or trading and charging
- **Piecemeal activities** set up in response to a short-term opportunity
- Reliance on **historic** service level decisions rather than decisions being made at the corporate level
- Commercial capability not used as a corporate resource
- Embark on **risky ventures** while there is a lack of knowledge of market / supply chain in trading / commercial entities
- No clear means for capturing commercial opportunities
- **No clear decision-making** arrangements setting out how changes to business / service plans are monitored or approved
- **No consistent corporate approach** to the identification, prioritisation and approval of commercial projects and ventures
- **No regular challenge** to the ongoing relevance and value-for-money provided by traded services or other commercial initiatives

**THANK YOU**