

Meeting date: 5 September 2022

Report to: Resources & Delivering Value Scrutiny Board

Subject/report title: Income Generation from Council Services and Assets

Report from: Director of Resources & Deputy Chief Executive

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Wards affected:

- All Wards | Bickenhill | Blythe | Castle Bromwich | Chelmsley Wood |
 Dorridge/Hockley Heath | Elmdon | Kingshurst/Fordbridge | Knowle |
 Lyndon | Meriden | Olton | Shirley East | Shirley South |
 Shirley West | Silhill | Smith's Wood | St Alphege
-

Public/private report: Public

Exempt by virtue of paragraph:

1. Purpose of Report

- 1.1 To consider current and potential income generating opportunities.
- 1.2 The Scrutiny Board will be presented with details of current income generation and trading activities, including income generated from Council assets.
- 1.3 Further, the report will identify any areas where further income might potentially be able to be generated as a contribution to the Council's overall Medium Term Financial Strategy.
- 1.4 It is worth noting that, due to the timing of this report, any new opportunities for potential income generation will be considered as part of the upcoming budget strategy process which gets underway in earnest in late September/early October. Any proposals to change or introduce new charges needs to be agreed by the relevant Director and Cabinet member. These proposals would then be put forward to the Budget Strategy Group for consideration and if supported, would be included in the Council's overall budget proposals presented to Full Council for approval in February 2023.

2. Decision(s) recommended

- 2.1 The Resources and Delivering Value Scrutiny Board is asked to note the contents of this report.
- 2.2 The Resources and Delivering Value Scrutiny Board is asked to feed any comments relevant to the 2023/24 budget process to the Budget Strategy Group.

3. Matters for Consideration

Total income received by the Council in 2021/22

- 3.1 In the 2021/22 financial year, as shown in the Council's Statement of Accounts, the total gross income to council services was £360.354 million. This comprises £237.932 million of income from service-specific grants, £42.878 million of HRA rental income and £79.544 million of income from fees, charges and other service income outside the HRA, which is the focus of this scrutiny report. Of this £79.544 million, £28.726 million is reimbursements and contributions which are not in scope for this report which leaves £50.818 million.
- 3.2 In addition, the Statement of Accounts includes a further £209.463 million of income from business rates, council tax, non-ring-fenced grants and investments, bringing the total income to the Council to £569.817 million for the year. Fees, Charges and Other Service income represented less than 9% of the Council's total income for 2021/22.
- 3.3 The table below provides a breakdown by portfolio (restated for the new portfolios from May 2022) of the total income and the amount generated from Fees, Charges and Other Income.
- 3.4 Appendix B provides a more detailed breakdown of the Fees and Charges income for each portfolio for 2021/22 to accompany the narrative contained within this report.

Portfolios (restated for 2022/23 portfolios)	Total income 2021/22 £m	Fees, Charges and Other Service income 2021/22 £m	Reimbursements and Contributions for 2021/22 (included within the fees and charges figure) £m	Residual fees, charges and other service income for 2021/22 £m
Adult Social Care and Health	£72.874	£29.283	£13.762	£15.521
Children and Education	£150.481	£14.397	£6.117	£8.280
Climate Change, Planning and Housing	£3.141	£2.209	£0.297	£1.912

Communities and Leisure	£50.811	£4.298	£0.991	£3.307
Environment and Infrastructure	£18.914	£6.537	£1.878	£4.659
Partnerships and Wellbeing	£1.394	£0.293	£0.245	£0.048
Resources	£62.739	£22.527	£5.436	£17.091
Total Income to Council Services	£360.354	£79.544	£28.726	£50.818
Taxation and non-specific grant income and expenditure	£200.713	0		
Gain on disposal of assets	£1.177	0		
Interest and other investment income	£7.573	0		
Total Income for the Council for 2021/22	£569.817	£79.544		

Fees and Charges for 2022/23

- 3.5 Fees and charges generally consist of charges for the provision of specific Council activities, items or services, usually to domestic customers across the Borough.
- 3.6 Under the Council's fees and charges policy (see attached in Appendix A), every charge levied by the Council needs to be approved annually as part of the budget setting process. Schedules of the fees and charges for 2022/23 were recommended by Full Cabinet on 10 February 2022 and approved by Full Council on 24 February 2022.
- 3.7 These fees and charges take into account the guidance set out in the Council's policy and were reviewed in the light of the pressures faced by the Council and with reference to inflation levels and particular service circumstances. Members were asked to note that, in line with the MTFs, standard assumptions for income levels had been built into the base budgets and any variations to fees and charges impacting on the assumed financial position would have to be managed within individual Directorate cash limits.

Portfolio fees and charges detail

- 3.8 The below section outlines the income generated from major fees and charges by portfolio in 2021/22 and what the fees and charge's structure is based on (e.g., statute/legislation/locally, or other service specific requirements).
- 3.9 We also highlight for Members where there have been any changes to, or new fees and charges introduced in the last few years as well as highlighting any fees and charges that have been explored in recent years or are in the process of being explored for future years.

Adult Social Care and Health

- 3.10 For 2021/22 £15.521 million income was generated from fees and charges within Adult Social Care and Health. The majority of these charges are for people's care.
- 3.11 The Care Act 2014 provides a framework to determine what the local authority can and cannot charge for when arranging to meet a person's care needs or a carer's support needs. Therefore, most of the income in adult social care seeks to recover care costs from residents and partners within this framework.
- 3.12 Charges for adult social care depend on a person's assessed care needs and their financial assessment. The principles for charging within the Act state that for their care and support needs people should not be charged more than it is reasonably practicable for them to pay. This effectively limits the amount that the local authority can generate as income for providing care and support for adults.
- 3.13 The Act also prescribes that the local authority must not charge more than the cost that it incurs in meeting the assessed needs of a person.
- 3.14 The income within adult social care is generated using the guiding principles set out above and there is no scope to charge more without breaching the legislative framework we are required to operate within.

Public Health

- 3.15 No fees and charges income was generated for Public Health during 2021/22.
- 3.16 Local Authorities (LA's) have a duty to provide Public Health services as set within the National Health Service (NHS) Act 2006 and included within later legislation on the transfer of services from the NHS to LA's. LA's are permitted to charge for public health services, but not for services for which the primary purpose is to improve the individual's health, which must be free at the point of use. Charging opportunities are therefore limited to organisations (companies, academic institutions, etc) or to individuals if the service is not for the purpose of improving the individual's health (for example, training an individual to provide public health advice).
- 3.17 There are currently no opportunities being explored for generating income from our Public Health activities.

Children and Education

- 3.18 For 2021/22 £8.280 million income was generated from fees and charges within Children and Education.
- 3.19 Appendix B shows that nearly £6.7million worth of the above income is generated by maintained schools across the Borough from pupil and other school income generating activities and forms part of the school's overall finances. Any opportunity to increase these fees and charges would benefit the respective schools and is not available for Core Council use.
- 3.20 For Core Council Children and Education services the largest area of fees and income was for the Music Service where income of just under £0.525 million was generated for 2021/22.
- 3.21 There is little scope to increase this income currently with the wider economic pressures that residents (parents) are facing. There are no plans to change any of these charges, other than as part of the annual review, where these charges are increased in line with inflation.

Climate Change, Planning and Housing

- 3.22 For 2021/22 £1.912 million income was generated from fees and charges within Climate Change, Planning and Housing.
- 3.23 The majority of the fees for this portfolio relate to planning including fees charged to householders and developers related to planning applications, fees for building control, fees for enquiries on land charges and fees for street naming and numbering.
- 3.24 The most significant income stream is from planning applications which are set centrally through 'The Town and Country Planning (Fees for Applications, Deemed Applications, Requests and Site Visits) (England) Regulations 2012' (as amended) including all amendments up to 1 August 2021. The Council also charges for advice prior to submission of an application and these fees are set locally based upon the cost of staff time involved.
- 3.25 A full review of pre-application fees was carried out in 2019 to ensure the charges fully reflected the cost of officer time involved to provide the advice. Fees for pre application advice and other locally set fees are uplifted each year to account for inflation and are regularly benchmarked against national comparators.
- 3.26 A review is currently in progress in partnership with the wider Local Highways Authority exploring whether a separate fee for specialist Highway's advice could be introduced. An additional staff member would need to be employed to provide this service and it will need to be demonstrated that this would be self-financing.

- 3.27 HM Land Registry is in the process of digitising their service to create a national local land charges service. Following months of work with HMLR, the Council has now migrated its local land charge and personal search service to HMLR's central digital register. This went live on 25 April 2022. As part of the transfer of data to the national register local land charge searches and personal search requests need to be requested via the HMLR hub. The Council is no longer be able to charge a fee for these activities. The Council is receiving transitional grants during this transfer process.
- 3.28 The Council will continue to respond to CON29 enquiries such as nearby road schemes or outstanding notices, which may affect a purchaser's decision whether to proceed.
- 3.29 There are also fees received from applicants to join the Self-Build register. These fees pay for its administration (a statutory duty), and they are received and retained by Planning to pay for those costs. The overall responsibility for the Self-Build register sits within Stronger Communities and the Housing Team. As the register is not yet fully functioning and there have been linked development opportunities, it is not considered appropriate to change the fee structure at this time.

Communities and Leisure

- 3.30 For 2021/22 £3.307 million income was generated from fees and charges within Communities and Leisure.
- 3.31 The largest income stream within this portfolio is the Housing Revenue Account (HRA) which collects service charge income received from tenants and leaseholders for a range of services provided by the landlord. This accounted for £2.101 million for 2021/22.
- 3.32 The Registration service generated income of just under £0.545 million in 2021/22 charging for marriages and civil partnership ceremonies. The basic booking charge for these services is set centrally by the Registrar General but then additional charges are set locally. There are also statutory charges for registration of births and deaths and provision of certificates.
- 3.33 The Arts and Culture service generated income of just under £0.383 million from performances at the Core, letting out spaces within the building and from the Encore café bar. The charges for these services are locally set. At present income levels have still not fully recovered following Covid-19.
- 3.34 Libraries have a number of small, locally set charges for borrowing of audio-visual material, computer usage and booking of meeting rooms. Library fines were removed from April 2021 to improve accessibility of the service. This has been replaced with an approach of charging to recover the cost of books not returned where this reaches a level which justifies the cost of collection.
- 3.35 Following the Covid-19 pandemic the Registration service extended the time period for three-year licences issued to premises to be able to host marriage ceremonies in order to support recovery of these businesses. Upon renewal businesses pay the usual fee and receive a license valid for 45 rather than 36 months.

- 3.36 There is already a commitment in the current Medium Term Financial Strategy for a new business plan for the Core theatre and café to reach a breakeven position by achieving additional income rising gradually to £0.120 million by 2024/25.

Leisure Centre Fees and Charges

- 3.37 The Council does not receive income directly in relation to its Leisure centres as they are run by Everyone Active who keep the income as part of the financial model supporting the current contract arrangements. The detail below is for information only within the context of fees and charges as a whole.
- 3.38 Admission charges for key activities and use of facilities at the Council's two leisure centres, Tudor Grange Leisure Centre and North Solihull Sports Centre, are presented to the Cabinet Portfolio Holder (for Communities and Leisure) each Autumn and are effective from the following January. The fees and charges are then presented, as other fees and charges, through the Budget process.
- 3.39 Prices are increased annually by RPI for August (prior to each January) and are benchmarked against other local authorities, with some price adjustments made as appropriate. There is some price differential between the two centres and concessions made available for specific groups to target and encourage participation.
- 3.40 Price changes being presented annually through this process are applying inflation to prices previously agreed through the Cabinet process. However, under the contract terms there are higher maximum prices which can be charged for some key activities and the operator is also able to set its own prices, limited by annual RPI increases, for non-key activities. The contract also permits the operator to set lower prices for key activities, a strategy which has been adopted by the operator in recent months, particularly in relation to memberships, to attract additional business volume. This has been a successful strategy, but the operator is now looking to increase prices to partially offset cost increases and increase total income.
- 3.41 Due to the impact of Covid-19, a Deed of Variation to the contract was implemented from July 2020 to facilitate the re-opening of leisure services and the on-going operation. The Council commenced formal proceedings in July 2022 to renegotiate contract terms and transfer appropriate risk back to Everyone Active. Both parties are hoping that new contract terms can be agreed for implementation from 2023/24. It is possible that contract changes may be agreed that facilitate Everyone Active to react to market changes and provide greater flexibility in pricing through a shorter / simpler process.

Environment and Infrastructure

- 3.42 For 2021/22 £4.659 million income was generated from fees and charges within Environment and Infrastructure.
- 3.43 The majority of fees and charges income in this portfolio is generated in relation to parking services for which income was £2.659 million in 2021/22. This includes hourly charges for individual spaces, season permits and longer-term rental agreements of numbers of spaces to other organisations. These fees are set locally with penalty charge notices for contravening regulations being set by statute.

- 3.44 There are also a number of other fees relating to highways which generated £1.697 million. These include Traffic Regulation Orders which are locally set. Charges are made to developers for review, inspection and adoption following section 278, section 38 and section 184 works which are based on individual quotes and the estimated cost of works taking place. The Council operates a Highway Works Permit Scheme to charge for works taking place on the highway. These fees are charged at the maximum amount as prescribed by the Department for Transport with the aim of reducing disruption to the network.
- 3.45 Environment Services make charges for bulky waste collection and providing new or replacement waste containers. These are locally set charges with regular bench marking with neighbouring authorities undertaken. A small amount of income is also generated from locally set charges for football pitch and cycle track lettings, and allotments.
- 3.46 Fees for car parking were last increased for Solihull Town Centre in September 2019. Discussions took place at the time regarding potential increases for Shirley and Knowle off-street car parks, but these were not implemented in order to support the economy of these areas. Following Covid-19 usage of car parks has reduced to around half of typical occupancy prior to the pandemic. The car parks still generate income to cover their direct running costs, but they do not achieve the budgeted income targets which were set based on a full recovery of costs including all relevant overheads.
- 3.47 New charges were introduced in September 2021 for providing cycle training which builds confidence and skills for people to engage in active travel. The courses allow trainees to experience real-life on-road conditions, helping to equip children and adults with the skills they need to ride confidently in today's traffic conditions. The fees have been benchmarked against four other providers (British Cycling, Outspoken Training, Be confident and First Step training) and set with regard to guidance from The Bikeability Trust.
- 3.48 Charges for bulky waste collections were reviewed during the 2022/23 budget process and increased by around 25% as it was identified that these did not reflect the cost of providing the service. The Council still subsidised some of the cost of the service, but the review reduced the gap and made fees comparable with the average charges by other authorities in the sub-region.
- 3.49 Charges for additional garden waste collections during the winter months were removed from April 2022 as the new Strategic Environment Contract included a revised extended garden waste service for residents.
- 3.50 One of the areas identified for review through the 2022/23 budget process was the opportunity to generate commercial income from parks and open spaces. Work is ongoing to explore opportunities which would enhance the offer to visitors.
- 3.51 The updated Environment Bill is in the process of being ratified through the Parliamentary process which is expected to mean changes for the waste collection service. Any potential changes to charges concerning waste collection will be dependent upon the content of the new legislation.

Partnerships and Wellbeing

- 3.52 There were no significant sources of income generated from fees and charges during 2021/22 for this portfolio.

Resources

- 3.53 For 2021/22 £17.091 million income was generated from fees and charges within the Resources portfolio.

Resources Directorate

- 3.54 The most significant areas where fees and charges income are levied from the Resources Directorate are for the Catering Service and Property Services (see below under Commercial Activities section for more information) and Strategic Investment Properties and Land (see below under Income from Assets and the Strategic Land Rents section).
- 3.55 Other smaller areas where fees and charges are generated within Resources include Strategic Land for negotiation of Leases and Licences, Property Services for Room Hire and Income and Awards for fees associated with the collection of Council Tax and Business rates debt. There have been no significant changes to these charges in recent years and there are no plans to change any of these charges in the coming years, other than as part of the annual review where a number of these charges are increased in line with inflation.
- 3.56 Recently added to the Resources portfolio for this new municipal year are Regulatory Services and Bereavement Services which are outlined below.

Regulatory Services

- 3.57 Fees and Charges income of just under £0.850 million in 2021/22 was generated from charging for regulatory functions. The largest income stream within this area is Vehicle Licensing for taxis and private hires. These fees are set locally with regard to the cost of providing the service and the income is legally required to be ring fenced to the service with surpluses and deficits to be managed over a three-year period. Licenses for animal establishments, street trading consents and scrap metal licenses have fees which are set locally. License fees which are charged to premises under the Gambling Act and Licensing Act 2003 are set by statute.
- 3.58 Environmental Health charges are based on the hourly rate of the officer involved for food inspections. There are also locally set charges for food hygiene and health and safety training, licenses for houses of multiple occupancy and dog control. Fixed penalty fines for antisocial behaviour are set by statute.
- 3.59 Licence fees for animal establishments were reset in 2020 following updated Animal Welfare Regulations being released in 2018. After the new regulations came into effect there was a period of data collection on the time involved in administering the new requirements which then informed the fees set.

Bereavement Services

- 3.60 Income of £4.262 million was generated from charging for burials, cremations and associated services in 2021/22. These charges are generally paid for by funeral directors who will then pass them on within their overall fee. The charges are set locally with regard to the cost of providing the service and to regional benchmarking. There are higher fees charged for customers outside of the borough in order to prioritise the available capacity to residents as this is a statutory responsibility.
- 3.61 A simplified structure of fees was approved for memorial permits in 2020/21 as it was identified that the previous fees were overly complex and no longer reflected the costs of providing the service.
- 3.62 A new environmental charge was introduced from April 2022 for cremations to cover the cost to the Council of paying to offset mercury emissions. Work is currently being undertaken to investigate whether mercury abatement equipment could be fitted to capture emissions at source in order to reduce costs.
- 3.63 During the Covid-19 pandemic a new chargeable service was introduced for the webcasting of funerals. This service continues to be available.
- 3.64 The Medium-Term Financial Strategy for 2022/23 – 2024/25 included funding for the extension to the Woodlands Cemetery due to current limitations around capacity and work is currently ongoing in relation to this. Availability of suitable burial space would clearly have an impact on income generation and the Woodlands site extension will be the subject of future reports to Cabinet.

Commercial Activities

- 3.65 Contained within the Council's fees and charges income presented in the table in 3.4 above is income from Commercial activities. This is where the Council receives income from selling its services outside of the Council, usually under a contract or service level agreement with a commercial or partner organisation, for example schools, academies or to the Council's own subsidiary companies.
- 3.66 A lot of the areas where commercial income is generated are within the Resources Directorate. A number of years ago the Directorate produced a brochure of Business Support Services which sought to explore the opportunities available from selling our in-house services to external customers locally, regionally, or nationally. The opportunities available to generate income are subject to change and with recent increases in labour costs, materials and associated oncosts it is a more challenging environment than in previous years. The main areas of commercial activity are as follows:

Catering

- 3.67 The Catering Service currently provides a complete service to Solihull primary / junior Schools and Academies.

- 3.68 Income from the Catering Service was just under £4.5m in 2021/22, however service costs meant that the out-turn was broadly net nil.
- 3.69 Since then, higher than anticipated inflationary increases on labour and provisions are having a significant effect on the service. A catering service business strategy update will be launched later on in the year which will seek to address these changes.

Property Services

- 3.70 Property Services has a number of Strategic Partnering Frameworks for delivering services within the Council and to External clients. The frameworks are with The Dodd Group, Graham Facilities Management and Lift and Engineering Services.
- 3.71 As well as carrying out property services for our corporate properties and LA maintained schools they also generate income by providing their services externally to other local authorities, schools and academies, housing associations, and other public sector organisations both within Solihull and further afield.
- 3.72 Income which was external to the Council generated by Property Services was £0.722 million in 2021/22 and was derived from the following activities: reactive repairs; capital fees for works, academies SLA fees and fees for works; external works income and SLA charges and SCH income.
- 3.73 Property Services are a fully traded service and so need to generate income to pay for all their operating costs. Income is currently generated from fees charged to both internal and external customers which fluctuates year on year. Reserves are maintained to smooth the impact of fluctuations in income from one year to the next.
- 3.74 Income from external sources has been more difficult to maintain in recent years as other Local Authorities initially look to use our contracts but then usually go to market to source the same offering. Property Services are currently looking at their fee structure to remove some costs to make the access to our contracts more attractive and maintain income.
- 3.75 There is a lot more scope to grow our smaller contracts with Multi Academy Trusts, the High Education Sector and potentially more Housing Associations. Property Services will be looking to develop these areas more to ensure that they can continue to be self-financing going forward whilst increasing their support to the Council to meet the requirements of the Corporate Landlord Model.

Building Design Studio

- 3.76 The Building Design Studio consists of architects, engineers and interior design specialists who support work on a combination of Council and external building/design projects. Income from BDS for 2021/22 totalled £1.6million. The studio has an income target to meet over and above its own costs but any surplus over that goes into a reserve to smooth future years trading which can be uneven between one financial year and another.

Other Support Services to Schools/other organisations

- 3.77 Service areas including Information Communications Technology (ICT), Human Resources/Payroll, Legal Services, Audit Services, Schools finance and Insurance services within the Financial Operations division derive income from services provided to Schools, Academies, Solihull Community Housing, the Urban Growth company and more recently Mell Square Limited (see below).
- 3.78 The principle with the above activities is that first and foremost the services are there to support the Council and its partners, and to the extent that there is the opportunity with the associated financial viability then services can be made available to external customers, but not to the detriment of Solihull Council customers.

Income from Council held assets

- 3.79 The Council's Balance Sheet as at 31st March 2022 includes £560.823 million worth of Land and Buildings and £17.495 million worth of Investment Property. The vast majority of the Land and Buildings figure covers operational assets including the council house, schools, car parks, leisure centres, libraries and other council land and property assets held for council service delivery, some of which generate income via fees and charges (e.g., car parks etc. which are covered elsewhere in this report under the individual portfolios concerned).
- 3.80 There are also historically owned council non-service-related land and property assets where rental income is derived (see section below on Strategic Land Rents).
- 3.81 A very small proportion of the total value of the assets on our Balance Sheet have been acquired for strategic purposes. In recent years such assets have been acquired within the objectives set out in the Council's Property Investment Strategy. Because of strict central government rules around how asset purchases can be funded these objectives confirm that the Council will only utilise prudential borrowing to fund acquisitions of land and buildings that advance the Council's service, place making, regeneration and economic development ambitions and objectives. Whilst it is permissible to purchase assets purely for yield, they must be funded from surplus cash held by the authority.
- 3.82 As a consequence of the above the income that can be generated from these types of assets per se is marginal as that is not the main driver for the asset having been purchased. The Property Investment Strategy includes a number of performance indicators which are the measures by which asset purchases are considered. In the period from when the Property Investment Strategy was approved to February 2022 when the latest Property Investment Strategy went to Full Cabinet, assets totalling £72.6 million have been purchased, gross income of £8.1 million has been generated after which borrowing and operational costs are deducted to give a net income of £0.476 million for 2021/22.

Strategic Land (Rents)

- 3.83 Within the context of the above, the Strategic Land division are responsible for the majority of the above council non-service-related assets, including those where rental income is generated from. Income of £5.330 million was generated in 2021/22 through rents. The most significant are:
- 3.84 Property Investment Strategy portfolio income – as detailed above.
- 3.85 Touchwood - the Council receives income through its interest in Touchwood shopping centre. The income received is based on a percentage of net rents received by Touchwood. In recent years the income generated from Touchwood has not achieved its target due to the impact of the Covid pandemic and the recovery thereafter.
- 3.86 Mell Square – the Council continues to receive ground rent from the Mell Square Company in the same way that it did from the previous owners. See the below section on Mell Square for further detail on Mell Square company income overall.
- 3.87 Blythe Valley Innovation Centre (BVIC) – the Council receives income from rents from small businesses on the Blythe Valley Innovation Centre Business Park. The original purpose of the scheme was to support economic development as part of a joint venture. During 2020/21 the Council became responsible for the assets for BVIC.
- 3.88 Small Business Units, Shops, Farms and Land – the Council receives income from a number of sites across the Borough which it historically holds for uses including supporting employment and small business objectives, regeneration and land purchases to ensure resilience for future land use objectives.

Income generated via the Council's wholly owned subsidiary companies, joint ventures and investments

- 3.89 There are a number of arrangements through the Council's subsidiary companies, joint ventures and investments which generate income for the Council as a whole.
- 3.90 Solihull Community Housing (SCH) – the majority of SCH income is derived from the management fee that is charged to the Council (under the management fee against the Housing Revenue Account) although SCH does now have a portfolio of wholly owned properties that it derives rental income from. It also has a large capital programme to deliver on behalf of the Council as well as providing some key services to the Council including areas such as Homelessness, Disabled Facilities Grants and the Wellbeing service.
- 3.91 Urban Growth Company (UGC) - The arm's length company wholly owned by SMBC which was formed to unlock the potential of The Hub (the area around the planned HS2 Interchange station). The UGC's vision for The Hub is to create Europe's best-connected destination for business, leisure and living, a new and outstanding gateway to the UK.
- 3.92 The UGC are working with public and private sector partners to deliver the infrastructure required to facilitate the development of The Hub. Currently all projects being managed by the UGC are funded via income from the West Midlands Combined Authority.

- 3.93 Mell Square – The Council acquired the Mell Square company on 9 April 2021. The cost of £34.577million was funded by prudential borrowing (at a very favourable rate at that time) which has then been loaned to the Mell Square Company at a commercial rate.
- 3.94 The company reimburses the Council for its historical ground rent and also needs to generate sufficient income from rents and service charges to cover management costs, void costs, and the costs of the loan repayments to the Council. Financial performance is reported to a Mell Square Board and to the Property Investment Board and Full Cabinet will receive a report on the financial out-turn for 2021 for Mell Square at its meeting in September 2022.
- 3.95 In early 2022 a procurement process was launched to secure a development partner to help shape the future of the site as a strategic regeneration asset.
- 3.96 Coventry and Solihull Waste disposal company – The Council owns a third of the ordinary shares with Coventry council owning the remainder in the independent waste management company set up by the Council and Coventry City Council to extract energy from municipal and commercial waste.
- 3.97 Whilst we pay for the disposal of our waste, we also enjoy the benefit of annual dividends based on the company’s performance, which in recent years has been very favourable. Dividend income of £4.575 million was received in 2021/22 (an increase from the previous year’s income of £3.010 million).
- 3.98 Birmingham Airport – the Council owns 3.75% of the ordinary shares in Birmingham Airport in conjunction with the rest of the West Midlands metropolitan authorities and 7.6% of the preference shares. Dividend income for 2021/22 was £0.074million and ground rent was £0.067million. These figures have obviously been impacted by the pandemic and were previously at much higher levels, with the expectation of a return to these levels again in future years.

4. What options have been considered and what is the evidence telling us about them?

- 4.1 This report outlines all of the Council’s current income generation and fees and charges activities including where options have been considered for changes to existing charges or for new charges to be introduced.

5. Reasons for recommending preferred option

- 5.1 There are no recommended preferred options for this report.

6. Implications and Considerations

- 6.1 State how the proposals in this report contribute to the priorities in the [Council Plan](#):

Priority:	Contribution:
People and Communities:	Council Fees and Charges and income generation activities are carried out to

Priority:	Contribution:
<ol style="list-style-type: none"> 1. Improving outcomes for children and young people in Solihull. 2. Good quality, responsive, and dignified care and support for Adults in Solihull when they need it. 3. Take action to improve life chances and health outcomes in our most disadvantaged communities. 4. Enable communities to thrive. 	protect the investment that is made into Council priorities.
<p>Economy:</p> <ol style="list-style-type: none"> 5. Develop and promote the borough's economy, with a focus on revitalising our town and local centres. 6. Maximising the opportunities of UK Central and HS2. 7. Increase the supply of affordable and social housing that is environmentally sustainable. 	Council Fees and Charges and income generation activities are carried out to protect the investment that is made into Council priorities.
<p>Environment:</p> <ol style="list-style-type: none"> 8. Enhance our natural environment, improve air quality and reduce net carbon emissions. 	Council Fees and Charges and income generation activities are carried out to protect the investment that is made into Council priorities.
<ol style="list-style-type: none"> 9. Promote employee wellbeing 	Council Fees and Charges and income generation activities are carried out to protect the investment that is made into Council priorities.

6.2 Consultation and Scrutiny:

6.2.1 This report is for the Resources and Delivering Value scrutiny Board.

6.3 Financial implications:

6.4 If the report identifies any areas where further income might potentially be able to be generated, the proposals would need to be agreed by the relevant Director and Cabinet member.

6.5 These proposals would then be put forward to the Budget Strategy Group for consideration and if supported, would be included in the Council's overall budget proposals presented to Full Council for approval in February 2023.

6.6 Legal implications:

6.6.1 There are no direct legal implications from this report.

- 6.7 Risk implications, including Risk Appetite:
 - 6.7.1 Where current income generation activities give rise to a risk then they will have been logged and reported on as part of that individual service areas risk register.
 - 6.7.2 Any changes to or new fees and charges proposed would need to be risk assessed as part of the specific proposal, as part of the annual review of fees and charges or as part of a specific case for change.
- 6.8 Equality implications:
 - 6.8.1 There are no direct equality implications.
- 6.9 Linkages to our work with the West Midlands Combined Authority (WMCA), Local Enterprise Partnership or the Birmingham & Solihull Integrated Care System (ICS):
 - 6.9.1 None directly other than the reference to income from the WMCA for the Urban Growth company (UGC).

7. List of appendices referred to

- 7.1 Appendix A – Council's fees and charges policy.
- 7.2 Appendix B – Fees and Charges and Other Income analysis for 2021/22 by Portfolio.

8. Background papers used to compile this report

- 8.1 Draft Accounting Statement for 2021/22.
- 8.2 Fees and Charges schedule which was published online as part of the 2022/23 budget setting process and report to Full Cabinet in February 2022.

9. List of other relevant documents

- 9.1 None.