

# HAMPSHIRE COUNTY COUNCIL

## Report

<b>Committee:</b>	Universal Services – Countryside and Regulatory Services
<b>Date:</b>	24 March 2023
<b>Title:</b>	Income Generation Task & Finish Working Group - Summary of Findings
<b>Report From:</b>	Patrick Blogg, Director of Universal Services

**Contact name:** Jo Heath

**Tel:** 07545735629

**Email:** Jo.heath@hants.gov.uk

### Purpose of this Report

1. The purpose of this report is to provide a summary of findings from the Income Generation Task and Finish Working Group meetings held during 2022.

### Recommendation(s)

2. That the Universal Services – Countryside and Regulatory Services Select Committee endorse the findings of the Income Generation Task and Finish Working Group.

### Executive Summary

3. This report seeks to summarise the findings from the Income Generation Task and Finish Working Group meetings.
4. Income generation is essential for the services in scope to continue to deliver services for Hampshire's residents. The breadth of services is reflected in a wide customer base, ranging from schools and business through to uniformed groups and members of the public.
5. All services have a long history of generating income, seeking to increase the proportion of expenditure supported by revenue income and move towards cash neutral positions (where appropriate and not already achieved). The Covid-19 pandemic impacted each service to varying degrees, recovery is well underway, but pressures are still being felt in some areas.

6. Aligned to the former CCBS commercial strategy, Services have developed (or are in the process of developing) robust evidence-based business plans that will contribute to their SP25 planning.
7. Common themes for income generation are via fees and charges to the public (i.e. car parking, admissions, ceremonies), sales to schools (i.e. residential visits, outdoor education visits) and rental/leasing of assets. Many of the opportunities for future income generation build on these themes, with new/enhanced services being developed, price increases, concerted sales and business development activity, and further engagement with third party partners.
8. Investment in our digital offer is a key focus for the short term to ensure we keep pace with customer expectations, exploit new digital tools for customer engagement, and generate new income. From website development to membership systems and online sales platforms, there is a lot of activity underway or planned to enhance our digital capability.
9. Exploiting our assets was a common theme identified. There is a corporate asset strategy in development, which will likely provide a framework for further investigation of asset-related opportunities in due course.
10. As with any income generating activity, there is a risk that our Services may not be able to compete in their marketplace or provide financially sustainable products/services that meet the needs of our customers. Robust analysis and market research helps to minimise this risk, contributing to business plans and investment cases as required.
11. Overall, Members were interested to hear more about the income generating activities, providing valuable feedback and suggestions throughout the process. Officers appreciated the opportunity to engage with Members on this critical topic and to receive endorsement on their direction of travel.

### **Contextual information**

12. Many Services within the former Culture, Communities and Business Services department are choose-to-use, meaning businesses and/or members of the public can choose to purchase from Hampshire County Council, or elsewhere, usually in a competitive market. The income generated through these activities is used to contribute towards the core costs of delivering our statutory responsibilities, maintaining our capacity and capability, and/or for reinvesting in our services for the benefit of Hampshire's residents.

13. The Income Generation Task and Finish Working Group is a working group of the Culture and Communities Select (Overview and Scrutiny) Committee, and the Terms of Reference and Membership were agreed at the Select Committee meeting of 29 November 2021. The scope of the work of the Task and Finish Working Group was to examine income generation of services within the former Culture, Communities and Business Services Department which fell within the remit of the Culture and Communities Select Committee and in the context of the SP23 programme.
14. The services falling within the scope of this work were Country Parks, Hampshire Outdoor Centres, Registration and Archives & Records. Libraries were in scope at the commencement of this Working Group but the organisational restructure towards the end of 2022 saw Libraries move into a new Directorate and outside the remit of this Group from 2023.
15. Over the course of 2022, each Service above was invited to present to the Task & Finish Working Group to provide an overview of their existing income generating activities and planned future activities. Members had the opportunity to ask questions and make suggestions throughout the presentations.
16. Terms of Reference for the Working Group can be found at [Terms of Reference.pdf \(hants.gov.uk\)](#)

## **Performance**

### **Country Parks**

17. Country Parks generated £6.4m income in 2021/22. This is predominantly through car parking charges, admission and membership fees and catering. Recent investment in the Parks through the Country Park Transformation Programme has enabled improvements to the physical aspects of the sites to enhance the customer offer, attract more visitors, who stay longer and spend more.
18. Each park has its own unique identity and customer base. Investments in the infrastructure have therefore been tailored to maximise the benefits. For example, Queen Elizabeth Country Park has seen investment in its cycling infrastructure, while Manor Farm has introduced a new indoor Play Barn for its younger family customer group.
19. In 2019 Countryside brought the catering in-house and development of this part of the customer offer is ongoing. Margins in catering are small but it is recognised that catering is an important part of the wider customer offer and

needs to meet customer expectations to help enable growth in visitor numbers, duration of stay, and levels of spend.

20. Income growth opportunities exist through the pricing of existing services (i.e. car parking, admissions), realigning staffing to the priority areas, develop and maximise catering income, further exploit physical assets and explore new third-party commercial arrangements.
21. Although Titchfield Haven has been part of the Country Parks group, in 2022 it was subject to a separate review as part of the SP23 programme, which has established an alternative future operational plan for the site, approved by Executive Members in December 2022. This will include the closure of the café and a team move from the Country Parks group to the Countryside Site group, which has a greater focus on land management and nature conservation.
22. Next steps will be to develop 3-5 year business plans for each Park with targets to deliver income growth and efficiencies where applicable.

### **Hampshire Outdoor Centres**

23. The four Outdoor Centres have individual offers under an umbrella banner, providing a wide range of activities at different locations to suit different budgets. While predominantly aimed at the schools market, the centres are also used by uniformed groups, military families, businesses and members of the public.
24. Covid-19 had a significant impact on the Outdoor Centres. A large proportion of income is via schools' residential visits, which were forced to stop for a long period during the pandemic, only able to re-start towards the end of the 2021/22 academic year. Baseline income from 2019/20 was c.£3m across the four activity centres.
25. Prior to the pandemic, a Business Development Review was conducted to assess opportunities for growth. The key focus areas identified were: increase outdoor education market share, unlock the accommodation potential, and to attract more visitors who stay longer and spend more.
26. Work has already begun to develop the public offer, expanding on the camping provision, developing the café at Calshot, seeking to grow customer engagement through social media channels and investing in the sales team to drive growth in the schools residential market. Success is already being seen, and there is confidence that the Service can move towards a cash neutral position in the relative short term.

27. Actions are identified in the section below with a view to reporting back to the relevant Select Committee later in 2023 to demonstrate the impact of the income generating activity across the Hampshire Outdoor Centres.

## **Registration**

28. Income is forecast to be c.£3.9m in 2022/23. This is generated through activities such as ceremonies at Hampshire County Council sites and approved venues, birth and death registration certificates, notice of marriage appointments, ceremony venue licencing and assessing and internally verifying accredited qualification for external registration authorities.
29. The Registration Service is in a strong financial position, despite substantial impacts on operations during the Covid-19 pandemic. Many ceremony events were postponed multiple times during the pandemic and consequently demand is currently high.
30. To maximise opportunities, the Service is considering what value-added products could be developed to enhance the customer offer and generate new income whilst balancing affordability. This includes commemorative certificates and out-of-hours appointments.
31. As well as seeking to grow existing income streams, future opportunities exist via the corporate asset strategy, development of a training academy for registrars and expanding to offer new types of ceremonies.

## **Archives & Records**

32. Income is budgeted to be c.£214k in 2022/23. Almost half of this is generated via the Copy Certificate Service. Other notable income streams include copying archive documents, research, room hire, events, grants and donations, and venue/space leasing.
33. Digitisation of the collection, and making it available online for a fee, is a key opportunity for the future. A partnership with Ancestry has recently started, with the most popular archive collections being digitised and released via Ancestry on a pay-per-view basis, for which Hampshire receives a small commission. There is scope to expand this model in the future.
34. There is space available at Hampshire Record Office that could be leased/hired out, which will form part of the corporate asset strategy in due course. The lease at Hedge End Records Centre will end in February 2026, providing a saving to Property Services and this a quick win within the Corporate Asset Strategy

35. In addition, work is underway to realise a greater contribution from depositors towards the storage of material, either through donations or formal contracts.

### **Digital Offer**

36. Digital development is a high priority in all areas. It is recognised that digitally accessible products and services are expected by our customers, and we must continue to build our digital offer to meet those expectations.
37. An example of this is Archives partnering with Ancestry to both support the digitisation of our archive material, and to provide a new income stream for the Service. Similarly, Hampshire Outdoor Centres made their camping available via a specialist third party digital platform to expand our reach and maximise our income generation via this new channel.
38. Significant work has taken place in recent years to improve our website platforms and expand our digital marketing; this work is likely to continue in order to keep pace with the competition. New Memberships and Bookings software is also in development for Hampshire Outdoor Centres and Country Parks to streamline and enhance data collection and usage alongside improvements to the customer journey.

### **Exploiting our assets**

39. Income from exploiting our physical assets was a common theme across all of the services in scope, whether through consolidation, room hire, commercial rental, sponsorship or development of our offer. A wider corporate asset strategy is in development that will build on these opportunities
40. Generally, assets generate a relatively small proportion of income for each Service. The impact of Covid-19 has seen reduced demand for office space and room hire, albeit the relaxation of social distancing guidelines and partial returns to office workplaces is likely to restore some demand in this area.

### **Key risks**

41. As with all income generation activities, there is a risk that we are unable to compete or provide services that are financially sustainable at a level that our customers are willing to pay. As standard within the business planning processes, all Services maintain a focus on the costs and income of the services they provide to maximise financial sustainability. Market, customer and competitor research also helps to inform business plans to ensure we are taking our wider landscape into account in our decision making process.

42. A common risk across all Services related to recruitment and retention. This is challenge being faced across the organisation and other industries. A greater focus on retention and development of staff is already in place within former CCBS services; the move to Universal Services may impact on this work in the short term but is unlikely to become less of a priority area.
43. A specific risk was identified relating to Registration and may also impact the copy certificate income from Hampshire Archive Service. The outcomes of a Law Commission review of the Marriage Act could be a risk to the income generated by the Service through ceremonies and venue licencing. However, it may also provide a new opportunity for training of celebrants. At this stage the outcomes are not known, but the Registration Service has formed a Working Group to monitor developments and react accordingly to protect income levels.

### **Actions arising**

44. With regard to Country Parks, Officers took an action to explore additional opportunities for third-party pop-up shops/outlets. This will form part of the cyclical Country Parks business planning.
45. With regard to Hampshire Outdoor Centres, Officers took an action to liaise with New Forest District Council, New Forest National Park Authority and their Executive Member to seek advice on planning permission relating to the expansion of camping at Tile Barn Activity Centre. Officers will also continue to explore packaging of weekend breaks differently at Runways End.
46. Officers also took an action to explore opportunities and funding with the Brecon Beacons National Park Authority in relation to the Argoed Lwyd centre.

### **Conclusions**

47. There is a long history of income generation across the Services forming part of this Working Group process. Income generation complements and contributes to the core functions of the organisation and provides high quality services to the residents of Hampshire.
48. Officers are committed to maximising income generating opportunities based on robust evidence and business plans, within the financial constraints of the organisation. Where investment is required to generate additional income, detailed business cases are developed. It was recognised that discretionary services should aim to become self-financing due to the financial pressures and necessity to prioritise statutory services.

49. The impact of the Covid-19 pandemic is still being felt, but services have recovered to a good level in a short space of time.
50. Grants and donations form a relatively small part of the income generation, and while they can be extremely useful, it is not an area we can rely on or confidently seek to grow. Several services such as Hampshire Archives do review grant funding opportunities and exploit these where appropriate to deliver service development projects; grant funding is rarely available to support core funding of services, however.
51. Income generation forms a key component of services' SP25 planning. The contribution of Members has been valuable in validating and, in some cases, challenging the direction of travel of each service and their income generation activities. Operating in competitive environments during challenging economic times means income generation is at least as important as it ever has been, in order to continue to offer the breadth and quality of service that Hampshire residents expect.
52. Officers are grateful for the interest Members have shown and the feedback received throughout the process.

### **Consultation and Equalities**

53. No consultation has been required as part of this Working Group. Any service-specific activities that require consultations and/or Equality Impact Assessments would be dealt with on an individual basis outside of this Working Group.

### **Climate Change Impact Assessment**

54. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

The carbon mitigation tool and climate change adaptation tool were not applicable because this report relates to a number of Services and their respective individual projects, which would be subject to assessment individually.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	yes
<b>People in Hampshire enjoy a rich and diverse environment:</b>	yes
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	yes

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>

<b>Section 100 D - Local Government Act 1972 - background documents</b>	
<p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p>	
<u>Document</u>	<u>Location</u>
None	

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

- 2.1. It is considered the recommendations from the Task and Finish Group would have a neutral impact on protected groups. Any future changes to services looked at by the Task and Finish Group would be subject to a separate Equalities Impact Assessment.