



Report of: Executive Member for Finance, Performance and Community Safety

Policy & Performance Scrutiny Committee	Date: 14 th March 2017	Ward(s): All
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SUBJECT: iCo update

1. Synopsis

- 1.1 This report provides an update on the performance of the Council's trading company Islington Ltd, also known as iCo.
- 1.2 The Council's Medium Term Financial Strategy (MTFS) includes income targets across a wide range of services. In company with many other councils, Islington has sought to develop a commercial approach to help deliver income targets. One aspect of the strategy includes the establishment of a trading company.
- 1.3 This report considers the progress of the various business units within iCo and provides information on other aspects of iCo's work and development.

2. Recommendations

- 2.1 To note and comment on the progress made by iCo in 2016/17.
- 2.2 To receive a further update in 12 months' time.

3. Background

- 3.1 iCo is the Council's commercial trading company. The company has been established to generate income for the Council in order to help protect essential frontline services. The company trades existing Council services on a commercial basis and also seeks to provide consultancy services related to technical, professional or specialist knowledge, skills or expertise.

iCo's Board members are named below:

Councillor Andy Hull, Executive Member for Finance, Performance and Community Safety
Councillor Claudia Webbe, Executive Member for Environment and Transport
Kevin O'Leary, Corporate Director for Environment and Regeneration
Bram Kainth, Service Director for Public Realm
Martin Holland, Head of Highways and Energy
Steve Key, Service Director for Financial Services

The Council as shareholder is represented at Board meetings by the Director of Law & Governance.

3.2 iCo's business units

Following the scrutiny on Income Generation and Commercialisation, Members will understand that the Council's commercial activity covers a wide range of functions. iCo represents a small but growing component of the overall strategy and the company's development is still at an early stage. The first year or so has largely been spent establishing critical systems and procedures; considering business opportunities; raising awareness and trying to generate interest across the Council. As reported previously, there has been much to learn with a steep learning curve.

This work has been supported by the Commercial Board which has enabled opportunities to be considered that can either be directed through iCo or pursued separately by services themselves.

The table below gives an indication of the income achieved or projected at the end of February 2017 for iCo's business units compared to the last report to this committee in July 2016.

Business Unit	July 2016 (£)	February 2017 (£)
Commercial Waste	158k	258k
Memorials	90k	165k
HR	33k full year projection	33k full year projection
iCo Green	25k estimate	2k
Pest Control	0k	7k
Income to date	306k	465k

This indicates that good progress is being made in terms of overall income growth. Whilst this in itself is good news, more work is required to establish the true costs associated with generating this growth and to establish mechanisms across each business unit for re-charges and service level agreements with the Council. iCo has incurred set-up costs and will be charged for this accordingly. More information is provided on each business unit below.

3.3 Memorial Services – Income to February 2017 - £165k

There is evidence of strong growth from this service area. The memorials team has plans to build on the launch of their new website and will market the service in key outlets e.g. Registrars, Funeral directors etc. It is encouraging that the growth in sales this year has been achieved without the benefit of the website and a more targeted marketing plan. The team has also been hampered by vacancies in key areas which will shortly be filled.

Commercial Waste – Income to February 2017 - £258k

The iCo Commercial Waste Service is provided to customers in neighbouring boroughs including

- 3.4 Haringey, Camden and Waltham Forest - the service is based around general waste and re-cycling (bulk bins). Income has grown steadily through the year and the team are currently exploring the potential to offer a "Bundled Service Offer" to customers. This could include commercial waste, re-cycling, confidential waste, clinical waste, bin washing and office cleaning services.

HR Services – Income to March – 2017 -£33k

- 3.5 The iCo Human Resources Service is provided under contract to the London Borough of Barnet – for schools HR services. This is provided under an annual contract with a small range of additional services e.g. recruitment campaigns. Children's Services are interested in expanding this service offer to other schools and have recently sought support from the Commercial Board to assist with this.

Pest Control – Income to February £7k

- 3.6 The Pest Control Business has only just started trading and expects income to pick up throughout 2017. A local advertising campaign will commence soon including an advert in Islington Life. This is a service area where there is confidence that there is unmet demand from the number of enquiries that are currently received. Confidence is high that a reasonable income stream can be achieved in this area given the demand. Two new Pest control posts have been recruited to giving additional capacity within the team. An online booking system is being developed and the team will also now be pursuing business contracts both within and outside the borough.

iCo Green

- 3.7 iCo Green has been developed around the in-house Arboricultural Service. The service is already successful in generating income with clients such as the Corporation of London and the London Borough of Waltham Forest. The plan is to diversify and to seek different, particularly private, clients. A website has been developed and a marketing plan is in hand. Whilst the income for iCo has so far been limited, it is very early days and the development work has not been wasted as the core service income has held up, albeit not delivered through iCo.

iCo – exploring commercial opportunities

- 3.8 Most other councils are also making efforts to increase their commercial activity, and different approaches are being taken. The iCo Board has considered a number of opportunities since being established and, as can be seen, is now starting to trade in a small number of areas. The Commercial Board as part of the Business Development approach has identified a number of potential future projects and the iCo Board considers the suitability of these for inclusion within iCo's remit. A list of potential opportunities is attached in Appendix A.

The iCo Board has also considered opportunities from third parties interested in working with Islington. This includes the recently approved agreement to acquire an equity stake in a small business, TES.

TES is a provider of Closed Circuit TV and Automatic Number Plate Recognition (ANPR) products. Islington Council has an existing working relationship with TES, having previously procured their enforcement vehicles. TES were looking to work with a local authority to help to further develop their business, creating new integrated systems and enforcement software and hardware.

The Directors of iCo have met with TES and negotiated a mutually beneficial business arrangement.

This is low risk for the Council. In return for a 10% equity stake in TES the Council will provide:

- Management support and officer time for product development;
- A reference site for TES to test/develop new systems; and
- Allow TES to use iCo's name when bidding for projects and providing consultancy expertise.

TES has secured an innovation grant from the European Union for their work in developing enforcement systems. From a commercial perspective, the agreement allows iCo to have an equity stake in an innovative young company that may grow in the near future in return for providing non-financial support and acting as a reference site for innovative projects.

4. Conclusion

- 4.1 iCo is now trading in a small number of areas. It has been a gradual start whilst critical systems and procedures have been established over the last year or so. There are signs that steady income growth is achievable and that sales and marketing campaigns that are yet to be launched will further support this growth. The company still needs more fully to address support costs with the Council to gain a clearer perspective on its trading position. Overall the level of income being generated is considered to be positive. The Commercial Board provides an ongoing pipeline of possible ventures for iCo to consider and this process appears to be working well. The company has also acquired an equity stake in a small technology firm which iCo's directors believe has real growth potential.

5. Implications

5.1 Financial Implications

Detailed financial implications are considered as part of the business case and report for any project being proposed.

5.2 Legal Implications

Any legal implications are included within relevant reports to take iCo projects forward.

5.3 Environmental Implications

There are no environmental implications.

5.4 Resident Impact Assessment

A Resident Impact Assessment will be completed and included within the relevant reports for approved projects where applicable.

Signed by:



1 March 2017

Corporate Director Environment & Regeneration Date

Appendix A – list of ideas being explored by iCo.

- Architects Service
- Education Library Service
- Trading Standards - Selling advice to Business
- CCTV monitoring services
- Graffiti Removal Service
- Generate additional income from non-Islington schools
- Print Services
- Consultancy Services
- Communications
- Intellectual Property assets
- Electric Charging Points
- Cycle Parking