

Canny charging a clear example of innovative delivery

Local authorities have many powers at their disposal allowing them to charge for certain services. By using them more they could become an important tool for community regeneration, say **Paul O'Brien** and **Phil Brennan**

Trading and charging by local authorities is nothing new. There are many examples of councils working for other councils and external organisations. Although the arrival of compulsory competitive tendering brought with it a level of uncertainty with regard to what councils were legally allowed to do, services such as building maintenance, cleansing and grounds maintenance are still among those that are delivered by councils for other councils and external bodies. Although they may not have been labelled as such these arrangements are the kind of innovative service delivery aspects that central government is encouraging local government to explore as part of the efficiencies agenda.

There are three routes open to local authorities in England to trade and charge – powers under the sections 93 and 95 of the local government act 2003, powers under the local government (goods and services) act 1970 and a range of other powers.

Section 93 creates a power to 'charge' for a service, with the obvious exception of statutory services which

councils are obliged to provide. The intention is that charging powers are used for civic benefit purposes. It can only be used to recover the costs of providing a service not to make a profit. However, the costs recovered can include associated costs. An example may be the provision of a graffiti cleansing service to the private sector where the cost of buying a vehicle, cleaning equipment and the costs for training staff could be included as part of the service costs.

This use of section 93 charging can also provide councils with additional capacity, both financially and in terms of expanding services, to facilitate other policy initiatives. For example using the ability to charge may allow a council to provide a home care service, a window cleaning service and a minor building repairs service to elderly residents to support independent living. Charging could also be used to develop community cafes where promotion of healthy eating is planned strategically to support the development of healthy communities' initiatives.

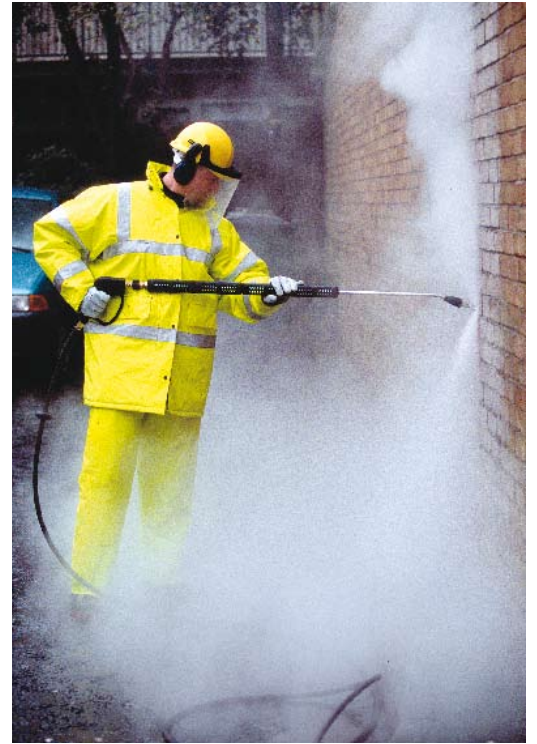
One of the key benefits of the power is the ability to put differential pricing in place as long as the costs for the service are covered. So those users of the service, who are pensioners, or on low incomes or in an area of identified deprivation could be subsidised by other users paying a higher charge.

The distinct difference between using section 93 to charge for a service and section 95 to 'trade' in a service is that the latter requires the creation of a trading company. The Association for Public Service Excellence (Apse) cautions against this route except in the most unique circumstances. It is largely unnecessary to set up a trading company. The complexity, of

the trading company model, creates unnecessary barriers to outcomes which could just as easily be achieved through a charging route. The trading power is further restricted by the process of comprehensive performance assessment, whereby the power can only be used by local authorities given at least one or more stars. There are no such restrictions with charging.

A range of legislative powers already exist to enable trading and these include the power to open restaurants for the public, to collect trade waste or clean wheelie bins and to run shops in leisure centres.

One further aspect of using trading and charging powers is the little publicised 'power of well being'. Apse campaigned for and welcomed the well-being powers in section two of the local government act 2000, which permits local authorities to engage in activities including the provision of staff, goods, services and accommodation to promote the economic, environmental and social well-being of the area. Clearly using this power in addition to the new and existing charging and trading provisions will enable local authorities to adopt a more strategic approach to service planning creating genuine benefits for the local citizen but also achieving efficiencies through maximising the



Services such as graffiti removal (above) could be effectively 'sold' to private sector clients

use of resources.

What is clear is that powers exist which provide a range of methods for local authorities to trade and charge. Successful regeneration involves a whole range of services and it is anticipated that the use of these powers will expand in the future to enhance the chances of achieving shared objectives of successful sustainable communities for the long term, with local authorities playing a pivotal role in the process.

Paul O'Brien is chief executive and **Phil Brennan** principal adviser of the Association for Public Service Excellence

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The public sector is more flexible than you think

I was very interested to read your article about Ed Miliband's proposals ('Third sector asked to give public agencies lessons in innovation', *New Start*, 30 June). I can speak with some authority on this, having worked at Wychavon District Council since 2002 and in the voluntary sector for many years prior to that.

Adopting polarised positions where the voluntary sector is good and the public sector bad is simplistic – and far from reality. Your report begins with the statement that 'public sector bodies will be encouraged to learn from the voluntary sector's ability to innovate and meet the needs of communities...'

In my experience these positive qualities are not solely confined to the voluntary sector – since working at Wychavon I have seen superb levels of innovation, commitment, drive, and determination to deliver services. This is reflected in the council's top rating from the Audit Commission's use of resources assessment for value for money, the Cipfa award for public reporting and accountability, and in the fact that Wychavon is the first local authority to invest capital and build a hospital and a supermarket to create an income stream.

In terms of local delivery and working in partnership, we have set up three town based local strategic partnerships rather than one at a district level. Two of these began life

with Market Town Initiative funding; now all three are funded solely by Wychavon.

My point is that we can all learn from each other and share good practice regardless of its origins. Working in the voluntary sector I saw excellent practice and commitment – and also poor practice and low levels of commitment.

Ultimately, it should not be about one being good and the other bad, but about how we work together as partners to achieve goals. Our LSPs work well because they bring together the voluntary and community sector, the primary care trust, schools, colleges, civic societies, history societies, other local groups with an interest in the towns and surrounding

rural areas and all three tiers of local government.

There is mutual respect and a desire to deliver projects based on an action planning process. We learn from each other's strengths.

You posed the question, 'is the public sector willing to take advice from the VCS?' My answer is yes, of course we are. But we can also offer it where appropriate. This should be a two way, mutually respectful street – which is surely a more positive way of working than an attritional environment where one partner is held up as superior to others.

Chris Brooks
Regeneration manager
Wychavon District Council