



The MJ column

Money's too tight to mention

Up until a few months ago, the big scare story in local government was how tight the current Comprehensive Spending Review period was going to be. Unprecedented failures on the financial markets over the last few weeks now surely make CSR worries pale into insignificance.

Councils across the UK are about to feel significant pain; those who invested in Iceland more than most. It's not only the national economy that is suffering, but local economies around the country are grinding to a halt. This makes it more important than ever that every council pound achieves the maximum benefit locally.

APSE's recent work with the Centre for Local Economic Strategies has shown that one guaranteed way of ensuring that local economies are bolstered at this critical time is by investing resources directly through local authority service provision and local supply chains. Our research in Swindon proved that every £1 spent in the local commercial services department generated £1.64 in the local economy. The money spent by Swindon Council circulated through its staff, suppliers and sub contractors to create this significant impact for Swindon residents.

Tough times call for tough decisions. It is vital that councils make wise judgement calls to minimise service cuts and the knock-on impact on local people's lives.

As well as using their clout as major employers and procurers in a way that helps stabilise the local economy, another area where councils could have more impact on resources is in making better use of their trading and charging powers. The Audit Commission report 'Positively Charged' showed authorities are raising more than £11bn per annum in discretionary charges. This is despite the fact that some don't even have charging policies in place.

Obviously nobody wants to raise charges against residents already struggling with present difficulties. But using such powers to raise funds where it would hurt least needs to be balanced against the alternative impact of service cuts to many of the same people.

APSE has ministerial assurance that the flawed approach created in the 2003 Local Government Act is currently being reviewed. We hope that a way to garner the significant volume of revenue that can be raised through existing legal powers – without the need to go down the largely unnecessary trading company route – will emerge.

In these turbulent times, local authorities should be encouraged to take a stronger and more direct role in speaking up for and stabilising local economies – rather than leaving it to the volatilities of the market.

Paul O'Brien is Chief Executive of APSE