



Mo Baines

APSE

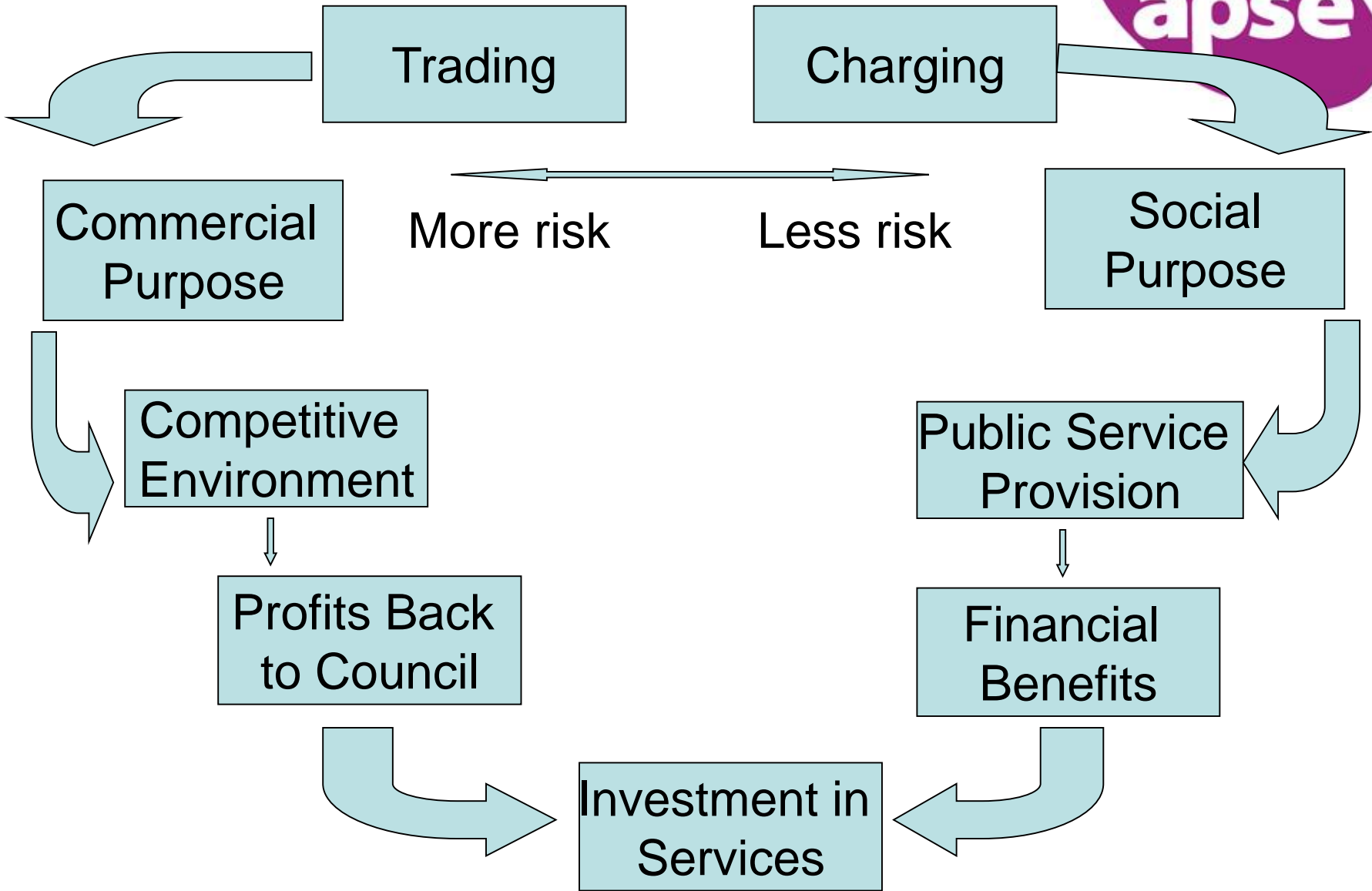
Surgery 2:

Scrutiny Governance Risk

Democratic context of local government commercialisation



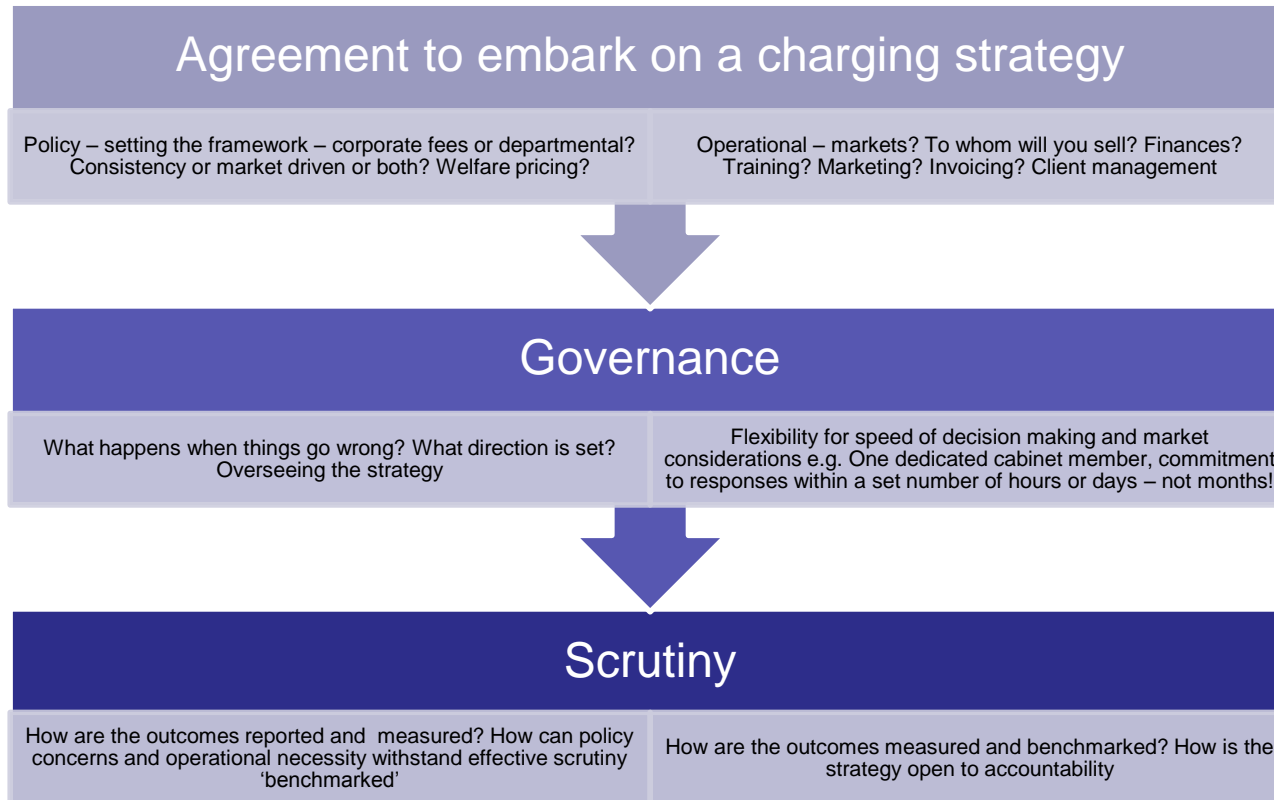
- Elected member concerns: Will this rip off our residents? Will we drive out local businesses? Can we do welfare pricing? How can we use the money raised from income generation? What are the 'no go' areas for charging.



So how do we move quickly in a 'slow' environment?



Charging approach: Issues of governance

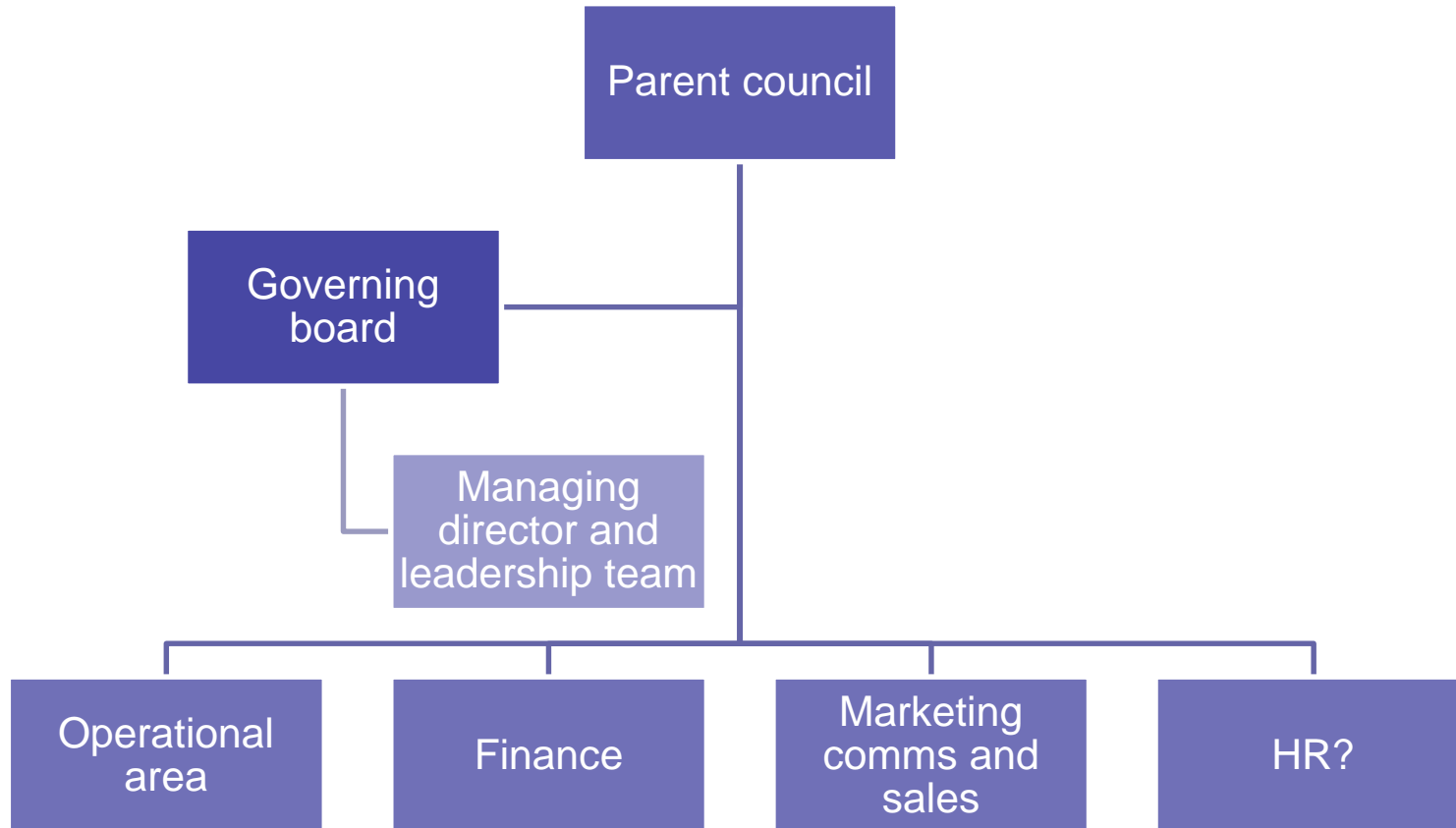


Trading context of democratic governance and scrutiny



- Trading company finances
- What counts against your 'parent authority'
- Reputational risk
- Higher risk
- Trading companies do not 'de-risk' the council

Trading company governance



Getting elected member buy-in



- Clarity of purpose
- Does 'your' vision align with 'their' vision
- What is the total 'scope' of the strategy
- Is there cross-party political support?
- Will you have shared political representation on governing boards?



Risk

- How do we safeguard our services?
- Do we need to take risky investments to generate money in the first place?
- What about our reputation as a council?
- Statutory context of 'risk' – the fiduciary duty on councils
- Risk – we are not doing our day job! Are we inexperienced in some areas

Finance



- Reliance on award of a contract from parent council?
- Funding structure for any capital requirements?
- How will VAT and corporation tax be treated?
- Is this service divestment – i.e. is the local authority looking to escape from long-term financial commitments?
- Prudential accounting regime –CIPFA Code
- Audit
- State Aid

Scrutiny



- If its wholly owned its public!
- So how do we keep service accountable in a public service context?
- Cabinet / committee / scrutiny processes
- But... most criticised strand from officers is delays in speed of decision making!

Testing your elected member 'flex'



What would a hybrid model allow you to do?



- Use charging where work is not guaranteed but where additional income will help off set service costs / CEC charges
- Flexibility - expand or contract work to suit service needs and provide best use of staff, increase productivity, maximise use of resources
- No complicated staff transfer arrangements
- Manage risk – attractive to elected members
- For charging - less complicated procurement implications

Questions for consideration



- What will be your critical pathway with elected members?
- Skill and training – for many it is a new area of work/ what are your plans?
- What ‘hat’ are board members wearing?
- Defining when decisions are delegated.
- Have you carried out a market sensitivity analysis?
- Is your local Ken Barlow domesticated?
- !

Moving at pace but be mindful of speeding



LOCAL SERVICES

LOCAL SOLUTIONS



Contact details

**Mo Baines, Head of Communication and
Coordination**

Email: mbaines@apse.org.uk

Association for Public Service Excellence

2nd floor Washbrook House, Lancastrian Office Centre, Talbot Road,
Old Trafford, Manchester M32 0FP.

telephone: 0161 772 1810

fax: 0161 772 1811

web: www.apse.org.uk



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