

The Council as a Business?

Municipal Year 2011/12



Committee Membership:

Councillor English
Councillor Mrs Gibson
Councillor Mrs Gooch (Chairman)
Councillor Hogg
Councillor Paine (Vice-Chairman)

Councillor Pickett
Councillor De Wiggondene
Councillor Mrs Wilson
Councillor Yates

Chairman's Summary

Councillor Fay Gooch



Central Government has been sending a clear message across the country that the role of local government is changing. The Government's Comprehensive Spending Review 2010¹ set a clear direction for reform. It focused on shifting power away from central government to the local level. This, coupled with the Localism Act 2011, which sets out new defining principles for local authorities and in particular General power of competence which will give local authorities the legal capacity 'to take action and get on with things they think will benefit their local area,'² formed the basis of our desire to explore the Council as a business?

It was extremely important from the outset that the true intent of the review was emphasised; the inclusion of a question mark at the end of the review title, The Council as a Business? was used to illustrate that the review was asking a question and considering the nuances of what 'business' is to the council. It was emphasised that the review was about exploring 'blue sky thinking' and innovation when considering ideas for income generation, efficiency savings and the changing role of local government.

We wanted to ensure that there was wide engagement with staff, residents, businesses and other local authorities with the review to fully appreciate the role of the council, the way in which it was perceived and the vision for the future. We were ever mindful of the scrutiny principles as we carried out the review.³

We began with a staff and Councillor survey which drew on the entrepreneurial spirit captured by Lord Sugar's television programme 'The Apprentice'. The call for evidence was extended to the public in an article in the Kent Messenger and the Council's Facebook page.

There was further engagement with the public at Maidstone's annual Mela where we had our own stall. A questionnaire was designed which covered 7 of the main 'assets' of the Council and the Borough. We sought to establish residents' perceptions, opinions and suggestions for business opportunities. Areas discussed were property, parks and open spaces, events, the river, the Council's

¹ http://www.hm-treasury.gov.uk/spend_sr2010_easyread.htm

² <http://www.communities.gov.uk/publications/localgovernment/localismlainenglishguide>

³ <http://cfps.org.uk.surface3.vm.bytemark.co.uk/publications>.

in-house expertise, waste and recycling and the Council's existing revenue streams.

Early on in our investigations it became clear that in order to explore the idea of the council as a business, it was essential to understand what it was to be 'business-like'. Particularly as local authorities lack the freedoms of private enterprise and operate within statutory constraints.

The Chief Executive, the Director of Change, Planning and the Environment and the Assistant Director Environment and Regulatory Services were the first to be invited to give evidence, on behalf of the Executive. We sought to establish what the Council perceived its core function to be, both now and in the future. The Chief Executive explained the Council's approach to business planning, the medium term financial strategy, the way in which core business costs are applied to each department in what is known as 'recharges' and services which generate or could capture income. She also discussed the development of commercial services and the supporting methodology.

I feel that it is critical at this time for the Council to clarify and understand the 'true cost' of the services it provides by examining the way in which internal recharges add to departments running costs.

The Chief Executive advised that the current methodology for identifying new opportunities began with the categorisation of all Council services to determine whether they can be delivered in-house, shared or delivered through partnership or trade. Part of this process was establishing whether the Council should be abstracting from business that already exists or offering something new.

We questioned the Leader of the Council's outlook for the authority as that of a commissioning body. He informed us that the Council had limitations, with statutory instruments in place and case law used to exemplify all decisions made. With regards to commissioning and commercial activity he explained that these types of activities were very different to the skills usually applied to regulatory services and shift in attitude would be required by the Council, Members and the public.

We raised further questions to understand whether taking a commissioning route would impact on the Council's ability to generate an income. We were informed that the Localism Act and the Public Services White Paper would diversify the way in which services were delivered in the future but one type of activity did not prevent the other. The Council did have to be very clear on what it was doing and there was agreement from Members and Officers that a business-like culture should be fundamental to the Council's approach.

The message from the Executive was that there were opportunities to move forward and provide value for money and resilience within partnership arrangements. Maidstone Borough Council's first shared service had been borne

out of another authorities need for expertise. The resilience of partnership arrangements was said to be the key to service delivery. Current shared services: Legal, HR and Revenues and Benefits were transactional activities, offering economies of scale.

We asked the Executive to identify areas that had potential to develop commercially. Consultancy and advice were suggested as planning pre application advice helped eliminate legal challenges, saving money and time. The Crematorium and Leisure Centre were highlighted as two areas already generating an income and providing a local need.

It was at this stage in the review that we recognised the value of our understanding of the Budget Strategy and the Council's Medium Term Financial planning helped by the additional training we received as a Committee. We felt that our engagement with the Budget Strategy in its most formative stages would be beneficial and this could be facilitated by appointing a cross-party working group.

The business community was the next to be invited to debate the review topic. It was universally felt that the Council should not be in direct competition with local private businesses for fear of ruining the very businesses we seek to encourage. There was a difference between being entrepreneurial and being business-like. The Council's responsibility to the residents of Maidstone (as detailed in its priorities and outcomes) fundamentally prevented it from exploiting areas of businesses that could be profitable such as car parking.

The running of the Leisure Centre and the Hazlitt Theatre and the Radio 1 Big Weekend event demonstrated the Council's entrepreneurial capabilities to businesses. Offering free events like 'Proms in the Park' was seen as competing with the private sector but in a non-business-like manner and it was felt that charging for these events would demonstrate a belief in what was on offer.

Business representatives stressed that the Council needed to be very clear about what it was trying to achieve in each of its services.

Some businesses, when considering the prospect of outsourcing, thought it preferential to keep a service and run it for a profit. They felt that external providers could provide a certainty in income without risk but if the Council was confident it could provide the best service then it should.

The Leader of the Council explained the Council's business-like approach was its sharing of back office functions with other authorities as part of the Mid Kent Improvement Partnership (MKIP). There were aspirations as part of this, to sell services to other authorities but he stressed that encroaching on the private sector would be detrimental to an already struggling economy. The Council needed to be as efficient as possible going forward and shared services and partnership working demonstrated this going forward.

A visit to Maidstone Prison began to bring together the messages we had received. The Print Unit was an efficiently run function within a Government service. The skills of those employed were utilised to their full potential from graphic design and proof reading to machine maintenance. Its business was mainly an internal printing function but there were a number of private sector clients using their service. The pricing of jobs was carried out by Head Office with a particular regard for the private sector in terms of pricing.

On Wednesday 12th October 2011 I attended a conference on Public Sector Income Generation at the Barbican. The messages were clear and served to cement those given thus far. Shared services were said to provide the biggest gains. Partnerships were what Councils were good at and they were fundamentally about trust and developing long term relationships. We were told that local authorities should be focusing on their strengths and be clear about what they were trying to achieve. In relation to the private sector speaker Peter Cosmetatos, Director of Policy, British Property Federation said that common ground could be found between the private and public sectors with expertise provided by both sides.

Throughout the course of the year we listened carefully to the messages that were given. One of the messages that resonated most was 'if you try to be everything to everyone you'll be no one'. It was felt a singular outlook either as a commissioning authority or one focused entirely on income generation did not reflect Maidstone Borough Council and its priorities or the wants and needs of residents. As local government moves forward into a time of change we found that there was a need to 'know your business' which could be improved.

Developing shared services and partnership working are areas in which Maidstone Borough Council has strength and expertise. This, combined with a business-like environment, where staff are encouraged to demonstrate an entrepreneurial spirit that can enhance the Council's relationship with the private sector, should provide an efficient and resilient organisation for the future.

Recommendations

Know your Business

The Corporate Services Overview and Scrutiny Committee's role in scrutinising the Budget, and for the first time the Fees and Charges report for 2012/13, provided an important insight into the Council's vision for the future and areas where it saw its strengths.

Member's involvement in the development of the Budget Strategy in its most formative stages is considered vital to all the elements of the Council's business, setting direction and determining the way forward.

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| <ol style="list-style-type: none">1. That a cross party, Member led, budget working group be established and meet at the appropriate critical times in the budget making process |
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A community focused Business Leader

A survey designed to draw out innovative business opportunities and ways of working that would result in efficiency savings, helped identify the aspirations that staff and Councillors had for the organisation they worked for. Conducted on an anonymous basis to encourage participation, there was an obvious awareness and understating of the direction the Council was heading.

The Executive's outlook provided a vital underpinning for the suggestions that were put forward. The Committee looked primarily to both acknowledge and challenge their viewpoints in order to fully examine its objectives and achieve the outcomes of the review.

The suggestions from staff and Councillors indicated that there was a great deal of in-house expertise that could be developed further and an enthusiasm to do so.

2. That procurement and legal sections are shared with outside organisations, especially within the public sector as a starting point from which a business section can be developed that can take on other businesses interests.

3. That the Council set up a 'work hub' facility for small businesses utilising space that is not used in Maidstone House or the Gateway. Printing and other resources including mentoring in areas of in-house expertise could be provided for a fee.

Income Generation

It is clear that there is an entrepreneurial spirit present within the organisation. There is also an understanding that the Council has to carefully consider any type of business activity and its impact on local private sector business. This does not have to be detrimental; competition on a level playing field is business-like. New types of activities could create opportunities for local businesses, bringing economic growth to the borough.

The success of Radio One's Big Weekend in Maidstone in 2008 is still talked about by staff and residents. Maidstone was put on the map with global music icons performing in Mote Park. Residents, young and old, are very much in support of the Council providing future events. 24 of the 34 residents consulted at the Maidstone's Mela were keen to see music festivals on the scale of the Radio 1 Big Weekend return to Maidstone on a regular basis. The Committee sought the opinion of local authorities with a proven track record in large scale events. London Councils, Tower Hamlets and Lambeth, responded to the enquiries made explaining that they had established events teams in place and described themselves as 'facilitators'.

4. That an event organiser is sought and Mote Park is let for big festival events on a similar scale to the Radio 1 Big Weekend. The viability of establishing an events team should be investigated.

Also popular with residents is an increase in street markets, particularly continental food markets and more being made of the river. Boat hire is a popular choice with 27 of 34 residents in favour of this type of activity being on offer.

5. That the Council investigate the opportunity presented by the Environment Agency with the introduction of a compulsory 'boat MOT' called the BSS (Boat Safety Scheme). Existing staff could be trained to provide BSS checks, providing a service to boat owners, but also working to improve safety on the river

The Committee identified that the Council had a number of assets and empty spaces such as the Town Hall and the Gateway escalator area that could generate an income if hired out for use

6. That the Council evaluates its facilities and assets i.e. land and buildings with a view to hiring them out for future use to generate an income

7. That the Council develops a marketing model for hiring out its assets and utilising empty space for advertising that includes fees and charges and terms and conditions of use. This should be advertised widely and information included on www.maidstone.gov.uk

8. That the Council address the potential for hiring out the Town Hall in conjunction with events held in Jubilee Square

9. That the Willington Street Park and Ride Site, currently closed on Sundays, is rented out to a private organiser for Boot Fairs

Further Consideration

10. That there is a renewed emphasis on what Maidstone has to offer in terms of Tourism to maximise its financial benefits to the borough

11. That the Council finds a more cost effective way of charging for small fees and fines so that the significant numbers of small amounts that are written off (e.g. stray dog fees) are reduced; and the Council is enabled to charge for all the statutory fees it is entitled to

It is the opinion of this Committee that whilst Maidstone Borough Council is progressing in the right direction, it urges that Members and Officers take on board and implement the recommendations made in this report.

Thank you

The Committee considered evidence from a variety of stakeholders and would like to thank the following individuals and organisations who have personally contributed to this review:

Paul Cadman, Manager Print Unit, **HMP Maidstone**

Victoria Wallace, Chief Executive, **Leeds Castle**

Elaine Collins, **Marden Business Forum** and **Network of Rural Business Forums**

John Taylor, **Chairman Economic Development Group of Chamber of Commerce**

Maidstone Borough Council:

Leader of the Council, Councillor Chris Garland

Councillor David Burton

Alison Broom, Chief Executive

Director of Change, Planning and the Environment, David Edwards

Assistant Director of Environment and Regulatory Services, Steve Goulette

Public Sector Income Generation, Seizing Opportunities, The Barbican, London

The Committee would also like to thank the Councillors, Council Officers, and members of the public who took the time to offer their opinions and ideas on the Council as a business? They were invaluable to the review.

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