



## Southampton City Council consultation on the establishment of a Local Authority Trading Company

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The council continues to face financial pressures both from decreasing funding and increasing demand for services. These financial challenges also bring opportunities, like building on our successful services to generate income to reinvest in services and support the running of the council.

This consultation seeks initial views on some ways the council could change the way it delivers services in order to promote efficiencies, generate income to reinvest in services and help safeguard them from further reductions. The process of redesigning the way we operate takes time and we will consult in more detail and for a longer period of time as proposals develop. The feedback from this consultation will be taken to Cabinet on 16 August 2017 for a decision as how best to proceed with the programme.

There is an online version of this questionnaire which we encourage you to complete. Please visit: [www.southampton.gov.uk/latco](http://www.southampton.gov.uk/latco)

More detailed information is available at the same link including the full Cabinet paper, FAQs and background information.

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### Why the council needs to change the way it delivers services

Over the last five years, the council has made savings of £92.4 million but by 2020/21, we have to save another £8.5 million. This is because the Revenue Support Grant we receive from central Government has been reduced by 55% and is likely to be phased out completely by 2019/20. In addition, in 2018/19 and 2019/20 the Housing Revenue Account (used for Council Housing) has to make savings of £8 million.

At the same time, we currently spend £611 million delivering services. This will only increase in years to come as demand for our services grows, especially in adults and children's social care. Therefore, to remain financially sustainable as an organisation we must explore new ways to deliver services.

One way of supporting our services is to increase the amount of income through trading services with others.

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### To what extent do you feel Southampton City Council needs to make changes to services?

Strongly agree

Disagree

Agree

Strongly disagree

Neutral

Don't know

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**Closing date**  
**13 July 2017**

## Objectives for future services

In order to develop the future direction of our services we have set out the following key objectives which future plans will be built around.

- Making services more efficient and effective
  - Developing services so they can trade to make a profit to reinvest in services
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## To what extent do you agree or disagree with the overall objectives for future services?

Strongly agree

Disagree

Agree

Strongly disagree

Neutral

Don't know

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## Options for service delivery

Our preferred option at this stage is to form a Local Authority Trading Company. A Local Authority Trading Company is a limited company that is totally owned by the council but operates independently. A Local Authority Trading Company offers an opportunity to improve efficiency and income generation. It would take direction from the council, but would employ staff directly and manage its own affairs. Services may be delivered independently or with improvement partners. In arriving at our preferred option, other options for service delivery have been considered:

### In-house

Services would continue to operate in the same way they do now.

### Joint Venture

There are several models of Joint Venture available, this is where the council would form a new organisation to deliver services which would be owned partly by the council and partly by another provider.

### Strategic Alliance

A strategic alliance is where the council would enter into arrangements with partners for mutual benefit to pursue a set of agreed upon objectives needed while remaining independent organisations.

### Multi Provider Partnership

A Multi Provider Partnership can be provided where the council has a number of separate contracts with a range of providers to deliver specific services / aspects of services and ensures all parties work together to deliver the objectives of the council.

The options were assessed using a number of financial, operational and human resource related criteria to compare the relative advantages and disadvantages of the alternative options. The criteria were developed and agreed in consultation with Cabinet Members and senior officers.

A three point scale (Low, Medium and High) was used to evaluate the relative merits of the options against the criteria. Key to the options appraisal was the consideration of the potential for the options to deliver savings and improve service delivery.

**The table below summarises the relative score of each option:**

	In house	Local Authority Trading Company	Joint Venture	Strategic Alliance	Multi Provider Partnership
Cost of change	Low	Medium	High	Low	High
Savings potential	Medium	High	High	Medium	Medium
Pace of change	Low	High	High	Medium	Medium
Duration of procurement	N/A	High	High	High	High
Changes to staffing practices	Low	High	High	Medium	Medium
Service change and practice improvement	Low	High	High	Medium	Medium
Opportunities for staff	Low	High	High	Medium	Medium
Service expansion and trading	Medium	High	High	Medium	Medium
Control over decision making	High	High	Medium	Medium	Medium
Complexity of structure and management to set up	Low	Medium	High	Medium	High

### Key for table

Low	Low level of benefit, control for the council, cost, time, complexity or risk
Medium	Medium level of benefit, control for the council, cost, time, complexity or risk
High	High level of benefit, control for the council, cost, time, complexity or risk
	Positive
	Balanced
	Negative

A Local Authority Trading Company would support our aims of growing the local economy, bringing investment into the city and increasing employment opportunities for local people. It would enable us to have control whilst generating more income than we can within the council to fund services.

**The Local Authority Trading Company option has the potential to:**

1. Allow management greater flexibility to shape service provision
2. Build on existing service quality and improve the service experience to customers (citizens, businesses and visitors) through the development and improvement of service offerings
3. Support quicker decision making and more organisational agility in responding to, and proactively addressing, changes in the market
4. Enable the council to pursue income generation activity (rather than just cost recovery)
5. Enable the council to attract commercial skills
6. Establish the foundation for future partnering or cross council / public authority working.

We ultimately want to be able sell services to other organisations and/or individuals in order to generate income, which can in turn be ploughed back into council to improve services, or develop the business further.

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**To what extent do you agree or disagree with the council’s preferred option of creating a Local Authority Trading Company to deliver efficiencies and generate more income?**

Strongly agree

Disagree

Agree

Strongly disagree

Neutral

Don't know

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**If you disagree with the preferred option please explain why and provide details of any alternative options that the council could consider?**

**There are a number of different routes we could go down to create a Local Authority Trading Company. These include:**

**Option A – Local Authority Trading Company without improvement partners:**

**Option B - Local Authority Trading Company with improvement partners:**

**Option C - Local Authority Trading Company with some improvement partners:**

	Option A	Option B	Option C
Establish a wholly council owned company	✓	✓	✓
Transfer agreed services into the new Local Authority Trading Company	✓	✓	✓
Develop plans to improve and develop those services	✓	✓	✓
Create roles within the Local Authority Trading Company which provide the necessary capacity and expertise to support the trading company to deliver successfully.	✓		✓
Appoint external improvement partners to work with and support the services in the Local Authority Trading Company for a period of time and help them become more commercial		✓	✓

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**Which option for how the Local Authority Trading Company should operate do you feel is best?**

- Option A       Option B       Option C
- None of the above (please state below)

## Scope of services

In developing the proposals around the creation of a Local Authority Trading Company we have considered which services provide the greatest opportunity for development. In December 2016, Cabinet made a decision that the following services offer the best opportunity to commercialise and generate income:

- Housing operations and housing management (managing tenancies and maintaining council homes)
- Waste management and collection
- Operating car parks
- Managing and maintaining parks and open spaces
- Street cleansing
- Facilities management (managing and maintaining buildings)
- Transport (managing transport for people receiving social care, or to and from schools and dial-a-ride)

In addition, we are now exploring the potential of including pest control services.

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## To what extent do you agree or disagree with the services being included in the plans for a Local Authority Trading Company?

Strongly agree

Disagree

Agree

Strongly disagree

Neutral

Don't know

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## Are there any other Southampton City Council services you feel we should include or exclude in our plans for creating a Local Authority Trading Company?

## Understanding the impact of the proposed changes

We have developed an equality impact assessments for the preferred option but it is really important that we have identified all the potential impacts that may be experienced. We are very keen to identify what the impact will be for you if the preferred option at this stage were to be implemented, it is important to emphasise that creating the trading company itself will not change the way services are delivery, but it will allow opportunities for future service improvement .

Southampton City Council has a duty to take into account the impact of their decisions on people with protected characteristics under the Equality Act 2010 (age, disability, gender, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, and sexual orientation).

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### If the preferred option were to be implemented what impact do you feel this might have on you or your community?

A great deal

Not at all

To some extent

Don't know

**If you feel there are any personal impacts or equality issues we have overlooked in the formation of these proposals, please outline them below.**

## Information about you

### What is your full postcode?

(We ask this to ensure that all parts of Southampton are represented in the consultation. Your postcode will not be used to contact you)

### What was your age on your last birthday?

- |                                     |  |                                   |                                   |
|-------------------------------------|--|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> Under 16   | <input type="checkbox"/> 16 to 24          | <input type="checkbox"/> 25 to 34 | <input type="checkbox"/> 35 to 44 |
| <input type="checkbox"/> 45 to 54   | <input type="checkbox"/> 55 to 64          | <input type="checkbox"/> 65 to 74 | <input type="checkbox"/> 75 to 84 |
| <input type="checkbox"/> 85 or over | <input type="checkbox"/> Prefer not to say |                                   |                                   |

### What is your gender?

- |  |  |                                      |
|--|--|--------------------------------------|
| <input type="checkbox"/> Female  | <input type="checkbox"/> Male              | <input type="checkbox"/> Transgender |
| <input type="checkbox"/> Do not identify as female, male, or transgender | <input type="checkbox"/> Prefer not to say |                                      |

### Which of these activities best describes what you are doing at present?

- |   |   |
|---|---|
| <input type="checkbox"/> Working full-time (31 hours or more per week)        | <input type="checkbox"/> Permanently sick or disabled     |
| <input type="checkbox"/> Working part-time (Up to 30 hours per week)          | <input type="checkbox"/> Wholly retired from paid work    |
| <input type="checkbox"/> On a Government supported training programme         | <input type="checkbox"/> Looking after the home or family |
| <input type="checkbox"/> Full-time education at school, college or university | <input type="checkbox"/> Doing something else             |
| <input type="checkbox"/> Unemployed and available for work                    | <input type="checkbox"/> Prefer not to say                |

### Do you have dependent children aged under 18?

- |                              |                             |  |
|------------------------------|-----------------------------|--|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Prefer not to say |
|------------------------------|-----------------------------|--|

### Do you consider yourself to be disabled?

- |                              |                             |  |
|------------------------------|-----------------------------|--|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Prefer not to say |
|------------------------------|-----------------------------|--|

### What is your ethnic group?

- |   |   |
|---|---|
| <input type="checkbox"/> White                  | <input type="checkbox"/> Mixed or multiple ethnic groups            |
| <input type="checkbox"/> Asian or Asian British | <input type="checkbox"/> Black, African, Caribbean or Black British |
| <input type="checkbox"/> Any other ethnic group | <input type="checkbox"/> Prefer not to say                          |

### Are you employed by Southampton City Council?

- |  |                      |                             |
|--|----------------------|-----------------------------|
| <input type="checkbox"/> Yes – please write in the service | <input type="text"/> | <input type="checkbox"/> No |
|--|----------------------|-----------------------------|

### Privacy statement

Any personal information you give to us will always be processed in accordance with the UK Data Protection Act 1998. We will only use the personal information you provide to deliver the services you have requested, or for our lawful, disclosed purposes. We will not make your personal details available outside our organisations without your consent, unless obliged by law. Please be aware that any comments given on this form may be published in the report. However, the councils will endeavour to remove any references that could identify individuals or organisations.

## What happens next?

Cabinet will meet and consider the feedback from the consultation on 16 August 2017. Following their decision on which way to progress work will be done to develop proposals and more detailed consultation will take place in the new year.