

APSE northern workshop and networking event:

Income generation and innovation in service transformation; developing an effective charging strategy - Friday 8 March 2013, Knowsley

Report back on group work :

This note provides a summary of the group discussions and feedback undertaken by delegates at the above event. The following points were collated from delegate feedback:-

Context and practicalities

There is a benefit of 'added value' to services through the use of spare capacity but necessary caution against building capacity upfront in anticipation of work that may not arise. In other words taking a risk based judgement on what work could be delivered to generate income.

A key benefit of a charging strategy is to help flatten 'overheads' or 'CECs' which are often not controllable at a service level and set centrally. Income raised can help to offset overheads or central establishment charges.

On a practical level consideration needs to be given to the following in advance of a charging strategy:

- **Methods of payment:** How will clients pay and through what channels? Care needs to be taken to ensure that payment methods do not add costs to the service and undermine the income benefits achieved. Payment systems should be robust and adaptable to different channels of payments.
- **Debt management:** In some sensitive charging areas such as social care how can the avoidance of debt accruing be built into processes and systems? How will monitoring ensure effective debt management if needed.
- **Keeping income safe:** What will be the corporate policy on income generation? Will there be capacity to use the income to invest in the service or will any income be offset against corporate budget setting processes? How will budgets be safeguarded in the event of income receipts being below expectations or changes in circumstances in which charges can be made?

Ideas for income generation opportunities

Use of Community Centres – not just the core business of hiring a room or hall but extra income achievable through effective marketing skills or secondary sales (e.g. vending units, catering). Are people more likely in a recessionary environment to look to more local community based facilities for event hire? If so do we know how to market these possibilities?

Public health opportunities: The transfer of the public health role to local authorities could provide opportunities for more joined up services and for some services to be sold to partners. Examples could include health prevention measures in sports and leisure centres, training arrangements, health and nutrition. Contact with commissioning groups

such as GP commissioners will be useful to establish what support a local authority could provide as an alternative public sector provider. Important to be aware of the role of the new Health and Well Being Boards.

Day care and leisure centres: With the growth of personal budgets and individual payments are there opportunities for local authorities to provide high quality affordable local services? Can leisure centres for example expand the offering to include more bespoke support to older people in specific health related activities? An example cited would be a leisure centre hosting a luncheon club and ancillary activities to help prevent isolation and loneliness, fall prevention education and so forth.

MOTs and tackling rogue traders: Opportunities for council fleet services to offer both MOT services and minor repairs – a secure alternative to rogue traders. Could be linked to taxi licensing / offering on repairs and taxi checks?

Highway advertising / digital display units: Opportunities to gain income from advertising in public spaces such as Highways and use of digital display units in public buildings. Will there be a need however to have a corporate policy on who to accept as an advertiser? Safeguarding possible conflict of interest such as an anti-obesity strategy but accepting fast food advertisements. An analogy was drawn with NHS buildings or A&E departments taking advertising revenue from companies looking to take litigation cases against the NHS. Could advertising be used to reinforce public messages such as behaviour change strategies, enforcement messages or to advertise council charged for services?

Engineering and design services: Opportunities to sell specific support to both public sector and private sector clients. Could APSE look to develop a hub where public sector to public sector trading activities could be advertised to others - instead of sourcing outside help to allow more effective trade-offs within a public sector context? A council may carry a particular area of expertise that others may not have in-house allowing inter-authority trading activity?

Property use and income: Could property that is underutilised generate better value for money through community hire arrangements – for example to new enterprise or small businesses with rental income helping to offset property costs. Also consider the opportunity for secondary sales on reception services, photocopying and so forth. Could help boost local economies and support enterprise as well as being a useful means to offset building / property maintenance costs.

Barriers to charging

The discussion groups also considered barriers to income generation and found that:-

- There is a potential failure to support innovation – there needs to be a corporate culture that embraces innovation.
- Consideration needs to be given to a corporate approach to avoid inconsistency in charging policies such as discretionary charging policies, for example, with older people or disabled people. Could charging in a given area act as a barrier on other

policies - for example bulky waste collections and preventing fly-tipping? Consider the full impact of the policy.

- Risk management should be proportionate if there is low level risk should there be a willingness to consider charging?
- 'Total management' may be needed before charges are introduced to allow for marketing, charging or prices to be set, policy considerations, channels for ordering and payments and whether to offer a menu of services in one place or single packages of services in different service areas.
- Skills gaps may need to be overcome. Dealing with a 'paying customer' – which may be a private business for example – may need a different skills set to that in areas of work that are provided 'as of right' or on a universal basis.
- Attitude change: Culture of the council not charging and 'sympathy' issues of not wanting to charge; this will require a shift in attitude to establish that these are charges that can be raised and that it is not part of the overall offering to residents, a 'buy in' services for additional or extra services that the council could not otherwise afford to offer.
- Elected members: Whilst elected members do not relish reducing local services having an alternative strategy through charging could be seen as an opportunity; however this may also be seen as being a step too far with elected members being resistant to charges being introduced, or not wanting to be seen to penalise residents. Charges should not be punitive in nature and should only be done in full consultation with elected members.