



Nick Ramsay AM
Chair, Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

21 February 2017

Dear Mr Ramsay,

THE STRATEGIC APPROACH OF COUNCILS TO INCOME GENERATION AND CHARGING

I attended the Public Accounts Committee on 6 February to give evidence on “the strategic approach of councils to income generation and charging”.

I undertook to provide examples in England where local authorities have taken a novel approach to creating trading companies to generate income.

The attached annex contains some examples.

Committee members may also wish to note the reports produced by the Local Government Association which include examples of how authorities in England are using the general power of competence to build on and extend existing innovation in their areas. The reports are available at:

http://www.local.gov.uk/c/document_library/get_file?uuid=83fe251c-d96e-44e0-ab41-224bb0cdcf0e&groupId=10180

http://www.local.gov.uk/c/document_library/get_file?uuid=f5a54dc8-6fb5-4790-9c40-b4cdbeee98e2&groupId=10180



BUDDSODDWYR | **INVESTORS**
MEWN POBL | **IN PEOPLE**

Parc Cathays • Cathays Park
Caerdydd • Cardiff
CF10 3NQ

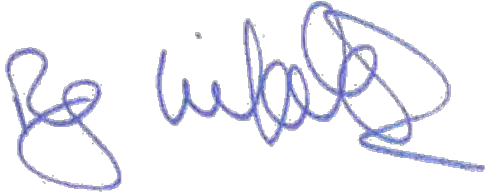
Ffôn • Tel 029 2082 5913
reg.kilpatrick@wales.gsi.gov.uk
Gwefan • website: www.wales.gov.uk

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

I hope this information is of use to the Committee.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Reg Kilpatrick', with a stylized, cursive script.

REG KILPATRICK

Cyfarwyddwr Llywodraeth Leol /
Director for Local Government

Examples of trading companies established by local authorities in England

A local authority trading company (LATC) is a body that is free to operate as a commercial company but remains wholly owned by the parent local authority.

Below are some examples of LATCs established by local authorities in England. The list has been sourced from published information and is not intended to be exhaustive. The examples are intended to illustrate the range of areas of service provision and models employed in England. One of the features of such initiatives is that they should reflect the needs and objectives of the authority in question, which will vary from place to place. What is good practice in one area would not necessarily meet the needs and circumstances in another.

SOCIAL CARE

Tricuro, is a cross-boundary social care LATC owned jointly by **Dorset, Bournemouth and Poole councils**. Its services include residential care, day services and catering. It operates on a budget of more than £38m and 1,200 staff.

Essex county council was the first local authority to set up a traded service focusing on social care in 2009. It has since become an independent company, known as **ECL**. It reportedly made a profit of £3-3.5 million last year which was reinvested in the service.

NorseCare is a care home provider, and is understood to be the largest LATC in England with an annual turnover in excess of £250 million. It is owned by **Norfolk county council**, and part of Norse Group which brings together three local authority trading companies concerned with: facilities management; property design and management consultancy; and providing residential care homes and 'housing with care' schemes.

HOUSING

Kingstown Works Limited (KWL) is a LATC delivering building maintenance and repairs work to **Hull City Council**. It also trades with other local councils and housing associations. Created in 2006, it employs 390 local people.

Thurrock Council set up a wholly owned housing company, **Gloriana Thurrock Ltd** to build around 1,000 new homes over the next five years.

South Cambridgeshire District Council set up **Ermine Street Housing** in 2014. The company now owns 34 properties worth a total of £7million providing homes for people who cannot get an affordable housing tenancy.

NABCEL is a wholly-owned company of **Nuneaton and Bedworth Borough Council**. The council purchases properties and then leases the properties to NABCEL, which rents the properties out at market rates.

HIGHWAYS

CORMAC is wholly owned trading company of **Cornwall Council**. The vast majority of its work is in highways maintenance and construction. It also manages a 10-year joint venture company responsible for highways and fleet management services for Nottinghamshire County Council.

OTHER SERVICES

Solutions SK is wholly owned by **Stockport Council**. It provides a wide range of services ranging from facilities management, including catering, to highways and waste management. Formed in 2006, current turnover is around £40 million.

Kent County Council (KCC) has a number of trading companies including **KCC Commercial Services Kent Ltd**. These companies provide a wide range of services including legal services, stationery, cleaning, office support and energy procurement to a wide range of customers.

Sevenoaks District Council owns major investments in Swanley. The property, a garage and convenience store situated on the High Street, was bought for £2.45 million. The property is currently let to the Co-Operative Group on a 15-year lease.