

Local Authority Trading Company (LATC) - *A new solution to externalisation of in-house provider services in the context of personalisation*

CHS Directors have been instrumental in devising and implementing the development of the first LATC used to transfer in-house provider services in to the marketplace. This solution to the question many Directors are asking of 'what do we do with in-house services?' deals with the issues emanating from Personalisation ensuring that these services will be available to people with a personal budget. The following lists the advantages of an LATC to the Council in Essex:

- The LATC option was the preferred solution by all stakeholder groups including Council Staff, Service Users, Trade Unions and Service User Groups.
- It maintains a link to Council influence and branding.
- With a tapering contract it forces the services to become commercially competitive in the market place, whilst preparing for Self Directed Support, and thereby produces savings.
- Depending on the size of the services there are significant opportunities for further back office and corporate savings.
- The total financial saving in Essex were around 10% per annum of contract value.
- A Dividend is returned to Council for further investment in services.
- Services are free from Council constraints to become more adaptable and responsive in meeting the Personalisation Agenda.
- It provides an opportunity to test the value of services whilst improving their competitiveness.
- It provides the potential to generate a capital receipt from sale, of all or part, in the future.
- Allows Councils to become Commissioning led organisations.
- Generating nationwide interest as a model to deal with the 'remaining' elements of in-house services.

The Local Government Act 2003 provides all CPA rated – 'excellent', 'good' or 'fair' Councils with a 'power to trade' through an LATC but these have to be services which are normally the domain of a local authority. An LATC has to be a wholly owned subsidiary of the Council though it is independent of the Council with a Board of Directors who are duty bound to act in the best interests of the company. The LATC model works well in conjunction with the Personalisation agenda but can be used on its own as a sensitive solution to externalisation. The model in Essex also incorporates Reablement (a cornerstone of Personalisation). In conjunction with an LATC externalisation a program of modernisation and service redesign is important, either before or post transfer, if these services are going to be given the best opportunity to develop.