

Our Barnet

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One Barnet Programme:

Hands off

our services!



100 companies attended Barnet council's NSCSO Market Day to discuss a £750 million contract with senior council executives – yet residents and staff have never been consulted about the One Barnet Programme.

In the next few years Barnet council plans to outsource most of its services. We tell you why Barnet residents and council staff should resist their “One Barnet Programme” (OBP).

What is outsourcing?

When councils “outsource” their services it means they no longer provide them directly themselves. Instead, they make a contract with a private company and pay them to deliver the services. Companies bid against each other to win the contract. This bidding process is going on now in Barnet. The council is offering three large contracts, lasting 10-15 years:

- Parking: £25 million
- Regulatory services (planning, environmental health, highway services, trading standards and licensing, building control, Hendon cemetery and crematorium): £275 million
- New Support and Customer Services Organisation (NSCSO) (revenues and benefits, Human Resources, finance, procurement, customer services aka call centre, information services): £750 million

The total value of these three contracts is enormous: more than £1bn. More contracts could follow.

Unlikely to save money

Barnet council began to talk about outsourcing in 2008. They were worried that as Barnet's population rises and government funding falls they would struggle to deliver the same services. They said that they were looking at several options, but from the start outsourcing was their preferred response to these challenges.

In theory, companies that specialise in outsourcing – Capita, Serco, etc – can deliver services more cheaply than councils. If they spend less delivering the service than the council pays them, they sometimes keep the difference. They have an incentive to cut corners and reduce their costs. We think this is wrong: surpluses should go back into council services.

Barnet council says that in 2010-2019 outsourcing will save it £102 million – although net savings will take a while to appear (2013-14). They expect to save around £14 million per year from 2013-14. £2.2 million per year of this is from “revenue income optimisation” (RIO), eg, increasing parking charges. To put these sums in more context, the annual council budget is slightly more than £900 million. We ask: is the gain worth the pain?

Implementing OBP costs money as well. So far Barnet

council have set aside £9.2 million to deliver the programme (Barnet Unison estimates the cost is more like £12-14 million). Those are direct costs; there are many indirect costs as well.

In fact, large outsourcing projects can deliver less savings than hoped and end up costing more than keeping service delivery in-house. One example among many:

- Liverpool City Council signed a deal with BT to deliver IT and call handling. In 2010 an inquiry found it was being overcharged by £10m a year. The council could save £23m a year if they terminated the contract. (*Liverpool Echo*, 27/9/2010)

Barnet council plans to make £53.4 million of savings in the three years 2011-2014, through a combination of cuts to services and voluntary sector organisations, charging more for services, RIO, and outsourcing. If expected savings from outsourcing do not materialise, or if the OBP ends up costing more money than it saves, we will see more cuts to the services that our community needs. We cannot afford this!

Losing control

With OBP, residents risk losing democratic control over their own services. At the moment, if something is going wrong, residents can complain to the council. Councillors can intervene quickly to help put a problem right. By negotiating huge contracts with private sector companies much of that flexibility and responsiveness is lost. We risk legal wrangles over what companies have agreed to do.

Lines of accountability and responsibility can become particularly blurred where the private company winning a contract sub-contracts to smaller firms. Services can suffer in such confusion. This happens already where Barnet services have already been outsourced.

- Early in 2011 legionella bacteria were found in the water supply at three Barnet care homes. The council served an improvement notice on Catalyst Housing Association in relation to one of them, Aphorp Lodge. It said: “You should appoint a ‘responsible person’ to take managerial responsibility and provide supervision for the implementation of precautions... This is of particular importance since the recent incident at Aphorp Lodge identified that there was a lack of communication between Catalyst, Fremantle, Kier and Musketeer. Due to the complexity of your arrangements at these care homes it is imperative that you identify clear lines of responsibilities and reporting arrangements for each of these parties.”

The OBP has absorbed so much of senior council executives’ and managers’ attention that they seem to be forgetting the basics. A recent scandal concerning a security firm is just one example of this:

- Barnet council paid MetPro Rapid Response £1.4 million over five years, despite a proper contract never being drawn up. An internal audit report concluded: “The Council has failed to comply with its Contract Procedure Rules and Financial Regulations, exposing the Council to significant reputational and financial risks. Internal Audit cannot give assurance that this non-compliance is an isolated incident...”

And they want to do more outsourcing! OBP sums up much of what is going wrong with Barnet council. The chief executive Nick Walkley discusses One Barnet at local government conferences organised by Capita – but never with residents! Instead of launching headline-grabbing schemes such as One Barnet, the council should knuckle down to providing services efficiently.

Bad for council staff

Outsourcing companies tend to pay their staff less and employ them on worse terms (for example, not paying people when they are off work sick). Ultimately, this makes for worse services!

Barnet council staff will be transferred to the private company which wins any contract. Their pay and conditions will be protected at first, but new employees can be paid less and given worse terms. And after a while the private company can change the pay and terms of former council employees. We have already seen this happening:

- When the Fremantle Trust took over Barnet care homes, staff had their pay and holidays cut by up to a third. Barnet council unions oppose OBP, and 400 Unison members among the staff first due to be “outsourced” have been taking industrial action by working to contract. They have also organised a one-day strike on 13 September. It is in residents’ interest to support the industrial action. By so doing we are defending our own services.

Help us defeat OBP

Barnet residents set up the **Barnet Alliance for Public Services** to oppose the One Barnet Programme, resist cuts and fight for local democracy. Please join us!

**JOIN US AT: “Barnet Independence Day” lobby, Tuesday 13 September
“Our Barnet” residents’ forum, Tuesday 4 October**

See back page for details