

# Why you should oppose One Barnet



## Gambling with our future: the report all Barnet should read

**Barnet Unison commissioned a report from the Association for Public Service Excellence (APSE), a local government body that works with councils throughout the UK. Their report, "London Borough of Barnet: Procurement and Contract Management", written by APSE's Principal Consultant Andy Mudd, examined Barnet council's recent record of outsourcing on a small scale, and considered the implications of this for the "One Barnet" plan to outsource almost all council services. Its findings are devastating — this is the report that all Barnet residents should read!**

**Download it from the Barnet Unison website here: <http://alturl.com/fp6ps>. Below we re-publish extracts from the executive summary.**

The scale of outsourcing envisaged in the Council's One Barnet Programme represents a largely untested departure from established local government service delivery practice. Many of the functions, which include planning, building control, environmental protection and public health along with revenues and benefits administration, go to the heart of local government responsibilities for the safeguard and protection of public health and economic wellbeing. The impact of failure could be catastrophic.

All authorities utilise the services of private companies to some extent but none have successfully fully implemented what is variously referred to as a commissioning or enabling model....

...[T]he track record of Barnet in letting and managing contracts is a highly significant pointer to the likelihood of the One Barnet Programme being a success....

An internal audit report considered by the Audit Committee in June 2011 into the Council's dealings with private security firm, MetPro, was heavily critical, not particularly of the framework under which contracting out occurred but of the apparent willingness of officers to ignore the Council's rules and procedures. Most damningly, the report concluded that poor practice was not confined to the relationship with MetPro but identified that: "there is an absence of signed contracts and sound contract management generally across the Council".

Detailed recommendations arising from the MetPro case were all accepted by the Council but an examination of a number of other contracts suggests that there is still significant cause for concern.

...Aside from good procurement practice, the impending implementation of a strategy, based on outsourcing service delivery, will demand excellent contract management. Again, the Council has experienced some high profile problems. Most prominently, it has recently been forced to concede an £8m contract claim from residential care provider Catalyst, after it agreed to underwrite losses incurred by the contractor. On the face of it, this seems to have been a foolish move by the Council but at the very least goes to demonstrate the difficulty involved in effectively managing risks associated with outsourcing....

The elected members of the Council are perfectly entitled to develop and pursue their vision for the authority. They are obliged however to do so within the parameters set by law. This includes a requirement to act reasonably whilst taking into account all relevant factors and ignoring irrelevant ones. The numerous examples of failure to abide by internal procedures, as well as various potential breaches of competition law, should be relevant to any decision about whether and how quickly, the authority should implement its planned commissioning approach to service delivery. APSE has not been able to find any evidence that there has been any formal consideration of the implications of the apparently institutional inability to let and manage contracts adequately, for the Council's future contracting strategy.

The evidence considered in this report indicates that there can be little confidence that Barnet has the capability, and perhaps more worryingly the culture, necessary to meet the challenge posed by the letting and management of contracts that, under the One Barnet plan, will be far bigger than anything the Council has previously dealt with. The risk of implementing a strategy based almost entirely on contracting out is high and can only be magnified by the reduction in client capacity envisaged in the commissioning model. A reasonable council would take account of this and if it is unable to take the necessary steps to increase confidence in its procurement and contract management, could only conclude that moving forward to an unprecedented level of outsourcing would be reckless to the point of being unlawful.

In 2008 Conservative-run Barnet Council launched "Future Shape": a plan to use private contractors to deliver all council services, a plan to become a "commissioning council". They said this plan would save money.

In 2010 Future Shape was re-branded "One Barnet". Throughout this whole process, the council has failed to discuss the

plan with council trade unions or Barnet residents.

Now they are using the arms-length organisation Barnet Homes as the basis for a so-called Local Authority Trading Company; and in May 2012 they privatised the parking service. The office staff were made redundant.

In September 2012 the Council hopes to award two massive con-

tracts to private companies.

The Development and Regulatory Services contract will be worth £275 million over 10 years; the New Support and Customer Services Organisation contract will be worth £750 million over 10 years.

Future privatisations will involve environment, highways, waste, and so on.

Council union Barnet Unison has

torial appraisal recommended in-house provision but was ignored. There was flawed evaluation criteria and scoring of options.

**Business cases:** These omitted strategic, economic, commercial and management case evidence. They failed to assess the future demand for services. The Council attempted to minimise risks by omitting financial, operational, democratic governance and employment risks from Business Cases. The cumulative cost savings over 10 years give a misleading impression. There was no market analysis to assess trends and developments. The Council imposed unsustainable and morally unacceptable profits on Adult Learning Disability Services.

**Value for money improved:** Savings figures are over-estimated because the cost of redundancies, full transaction costs, contract variations and operational and financial risks are excluded.

**Procurement:** There were no in-house bids and the Council did not examine the option of Barnet Homes returning to in-house provision. There is a lack of a Corporate Procurement Strategy and refusal to have Gateway Reviews (a peer review to draw on best practice in procurement process, mandatory in central government but recommended in local government). Non-financial benefits are unsubstantiated, "thin" client and contract management and monitoring costs are under-estimated.

**Risks ignored or understated:** Key strategic and operational risks are either ignored or understated. Substantial risks for revenue and benefits are not included in the Risk Assessment.

**Impact Assessment:** There is no assessment of economic, social and environmental impacts or cost benefit analysis of outsourcing. The Council failed to require contractors to deliver services in Barnet.

**Equalities Impact Assessments (EIA):** There is no assessment of impact on service users. EIA did not examine loss of employment caused by the export of jobs from the Borough or job losses in the local economy.

**High cost of management consultants:** There is heavy reliance on costly management consultants committed to outsourcing.

**Employment policies:** There is superficial concern for staff and the risks they face. The Council rejected staff secondment and TUPE Plus options. Outsourcing and reor-

ganisation could lead to large staff redundancies.

**There is an alternative!** The alternative to the commissioning council model does not require an immediate reorganisation — it could be done quickly and at little cost.

The Council is under no obligation to conclude the procurement process by awarding contracts. It could prepare a strong case why the bids do not meet local needs and the Council's requirements, and why services should therefore remain in-house.

Arms length companies could be returned in-house. The Council could commit to increasing in-house capability. The role of consultants would be minimised and significant knowledge/skill transfer would be a contractual requirement.

The Council could engage citizens, community organisations, staff and trade unions in the planning and design of services and improve democratic accountability and transparency with disclosure of information essential to support engagement. It should treat citizens as service users, not customers.

All policies and projects would be subject to comprehensive assessment for economic, social, equalities and environmental impacts. The quality of inputs, processes, outputs and outcomes would be built into policies with continuous monitoring and evaluation.

Improving democratic governance, accountability, participation and transparency are a key part of this new approach and provide a platform for real collaboration between public services in Barnet.

A less hierarchical management structure, team working, promoting organisational learning, supported by a training programme to build capability and knowhow, could be the start of a new public service management that would radically improve the effectiveness, efficiency and viability of Barnet Council's services.

**Dexter Whitfield** is Director of the European Services Strategy Unit, and Adjunct Associate Professor at the Australian Workplace Innovation and Social Research Centre, University of Adelaide.

## The impact of Barnet becoming a "commissioning council"

By Dexter Whitfield



**Commissioning separates the client and service delivery functions of the Council and selects a service provider from competition between the public, private and voluntary sectors. Commissioning is contracting.**

Commissioning affects all services and will have major consequences because the Council has to:

- Separate client and contractor functions into a commissioning group, and service delivery undertaken by largely outsourced delivery units.
- Replace service reviews and improvement plans with options appraisals, business cases and procurement.
- Mainstream procurement and contracting across the Council.
- Create and manage markets and drive competition between public, private and voluntary sectors.
- Use public money to support markets.
- Manage increased risks in procurement and contracting.
- Commercialise in-house services, which increases likelihood of full privatisation.
- Transfer staff between public, private and voluntary sector companies as contracts are won or lost.

**Flawed One Barnet commissioning** Barnet Council's transformation and commissioning performance has been rigorously scrutinised by the European Services Strategy Unit over the last four years with more than 30 reports published by Barnet UNISON. This is one of the most systematic analyses of a local authority's practice. Each stage of the Council's commissioning process has revealed fundamental weaknesses:

**Transformation:** The Council failed to carry out new service review and improvement plan with service users, staff and trade unions. Community organisations and service users were not involved in options appraisals, business cases, procurement or the Council reorganisation proposals.

**Options appraisals:** The "high level" options appraisals with "business as usual" in-house option were designed to fail. The Council commenced business case and procurement without options appraisal for the Parking Service. The Housing Service options appraisal and business case were merged, making a mockery of the options process. The Hendon Cemetery and Crema-

toria appraisal recommended in-house provision but was ignored. There was flawed evaluation criteria and scoring of options.

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### Impact of a "commissioning council" on residents

- Market forces will determine the quality of services.
- Service delivery contracts will result in a loss of flexibility and responsiveness.
- Getting answers will be more tortuous with the diffusion of decision-making between the Council, contractors and subcontractors.
- Services users are increasingly being treated as individual "customers" and will experience an additional organisational layer between them and the policy making process.
- Disclosure will be more limited with increased use of "commercial confidentiality".
- The blame game will get worse as contractors shift responsibility for delays and failures to the Council or to other contractors.
- Contractual disputes could cause delays.
- Community involvement will be restricted.
- A significant part of service budgets will be needed to pay for procurement, contract management and profits to contractors, instead of funding frontline service delivery.

## BARNET ALLIANCE FOR PUBLIC SERVICES DIARY

**There is a busy summer ahead for those who want to campaign for better public services in Barnet — or just to defend the ones we have!**

**If you have items for the diary or activities that you want to share, we can list them on our website. Please send details to [barnetalliance4publicservices@gmail.com](mailto:barnetalliance4publicservices@gmail.com).**

**Day: Saturday 7 July**  
**Time: 12 noon–3pm**  
**Place: Greek Cypriot Community Centre, 2 Britannia Road, North Finchley, London N12**

### Barnet Council Not For Sale

A special conference organised by Barnet Alliance for Public Services and Barnet Unison

*Speakers include:* Dexter Whitfield, Director of the European Services Strategy Unit; Andy Mudd, Principal Consultant in the Association for Public Service Excellence; John Dix, Barnet resident and "Mr Reasonable" blogger

Free entry, refreshments provided.

**Day: Saturday 21 July**  
**Time: morning/afternoon**  
**Place: Friern Barnet/Finchley**

### Our Barnet, Not "One Barnet" — torch relay festival and march

Cyclists, bands, fun — come on foot, come on your bike, come in your wheelchair and pram, and bring your neighbours. Tell councillors "We don't want the One Barnet programme!"

**10.30am for 11am start** — assemble at Friern Barnet library, Friern Barnet Road

**11.30am** — North Finchley library, Ravensdale Avenue, N12 to march through our threatened North Finchley High Road and support local traders

**12 noon** — Tally Ho Corner

**1pm** — Victoria Park, Finchley for a party

**Day: Thursday 27 September**  
**Time: 7pm**  
**Place: Hendon Town Hall, The Burroughs, London NW4 4BG**

### Barnet Council Cabinet meeting (tbc)

Crucial decisions regarding the "One Barnet" programme are likely to be made at this meeting, which the public may attend. If we have not defeated One Barnet by then, we will attend to ask questions and make clear our opposition.

**Day: Saturday 20 October**  
**Place: central London**

### "A future that works" TUC national demonstration

Barnet Alliance will support the march on Saturday 20 October and will be going in force. To support and find out more, text "Our Barnet" with your postcode to 85515 (texts cost standard network rate).