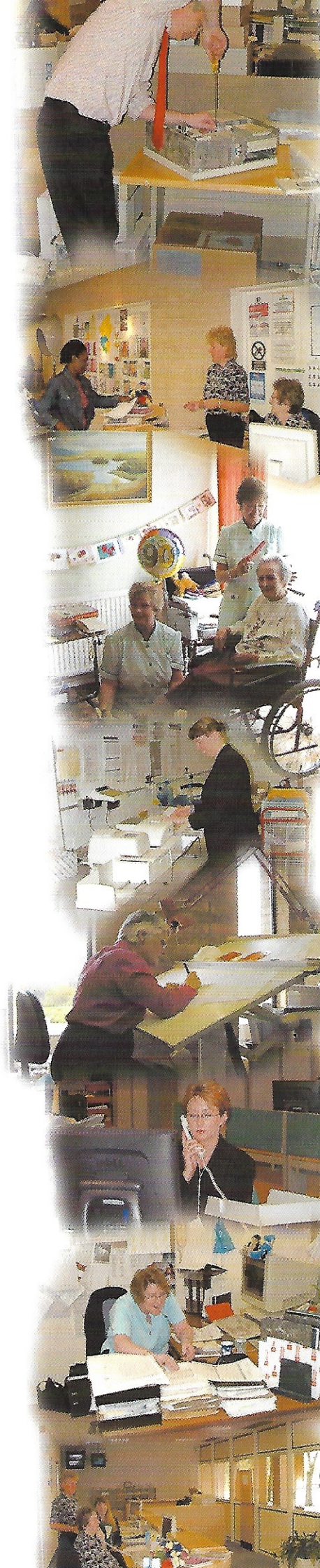


Milton Keynes Council and
Northamptonshire County Council
UNISON Branches

A New Vision
for
Local Government
in
Milton Keynes and
Northamptonshire

An alternative to
Privatisation by Partnership



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Part 1

Our vision

Service Improvement Plans for all services, drawn up with user and community involvement as well as frontline staff and trade unions. Services will be better coordinated and integrated.

The two councils will be working jointly to develop and improve the quality of services. Savings will be achieved by joint delivery with the savings remaining within the local authorities. There will also be joint commissioning and use of specialist providers.

The organisational structures may vary from jointly managed in-house services to joint venture companies with other local authorities and/or private/social enterprises.

Enhanced employment opportunities with the councils setting a standard in the local and sub-regional labour market. Training and skill development programmes for all staff. Both councils will encourage innovation and staff initiative, making them enhanced places where people want to work.

Users will have a genuine choice between a personal visit to a local one-stop-shop, telephone, fax, email and internet access. E-government will be fully implemented by 2005 and will provide links to other public bodies.

Vision into practice

1. Service Improvement Plan

A comprehensive three year In-House Service Improvement Plan supplying new generation customer service facilities, a new integrated Human Resources system, improved financial information system, and the reconfiguration of other support and administrative services. This will be built on Best Value reviews and the analysis of staffing levels, specifications and outputs, detailed costings and working methods and procedures already undertaken as part of the procurement process.

The council should set up a project team to plan, coordinate and promote the Service Improvement Plan and establish priorities. The Plan should include:

- The reconfiguration of financial services to improve service delivery and the quality of management information.
- Design and implementation of a customer services strategy providing a network of one-stop public access points in every neighbourhood or district.
- Implementation of an improved and extended service to schools incorporating enhanced budgeting, better quality support services and a targeted human resources service.
- Increased opportunities for education and learning through on-line public access, plus the establishment of learning centres.
- The application of information and communications technology together with new management systems to radically expand the coordination and integration of public services.
- Enhancement of the human resources and payroll information systems.
- Preparation of a new training and skill development plan which covers all staff and elected members and includes the application of public service principles and values.
- A facilities needs survey which will underpin a review of both local authorities property assets.
- An implementation plan showing how investment and reconfiguration of services will be phased.

2. New delivery systems

Services will be delivered by:

- Joint delivery by MKC and NCC via new organisational structures, for example, by one authority acting as a lead authority providing the service on behalf of the others.

- Joint delivery with other local authorities and public sector partners where this has operational and financial advantages.
- Continued delivery by individual councils - each local authority continues to deliver a service.
- A review of DSO organisations in the sub-region to examine the potential for a jointly owned organisation.
- A measure of centralisation and decentralisation depending on the needs of users and service requirements.

3. Public investment strategy

- Efficiency savings from in-house service improvement plan for support services. These savings will be expected to exceed the cost of investment over a five year period.
- Additional capital investment under the government's planned prudential borrowing framework. Authorities will be free to borrow for investment without Government consent, provided they can afford to service the debt.
- Income from a 5-year asset management action plan for each authority, which may include the sale of surplus assets.
- Savings from the capital programme through joint funding and procurement of capital projects. Programming and packaging of capital projects will produce economies of scale and savings.
- Joint service delivery systems extending beyond support services and to other local authorities and public bodies.
- Joint funding with other agencies, for example in social care, will reduce pressure on the capital programme.
- Increased private investment opportunities in developing the targeted application of information and communications technology to develop innovative products and services jointly with local authorities or via technological spin-offs.
- Meeting the e-government targets by 2005 but also developing a longer term investment strategy to enhance access, user involvement and accountability.

4. Integration of economic, social and community planning

- All key proposals will be subject to an impact assessment to determine the effect on equalities, environmental sustainability, social inclusion, the local economy and community health. This is a significantly more comprehensive analysis than the EQFM approach currently used by the two councils. Where adverse impact is identified we will examine alternative methods and/or draw up proposals to eliminate or mitigate the impact.
- Ensure that benefits are sustainable and retained within the sub-regional economy rather than be exported elsewhere.
- Ensure the programme of change is rooted in the community planning strategy.
- Equalities will be fundamental to the design and implementation of the Service Improvement Plan.

5. Revitalising democratic accountability

- Improve accountability with elected members fully involved and accountable for all organisational structures established to deliver services and carry out functions.
- Review consultation and participation for services users and community organisations and the introduction of more meaningful mechanisms for their involvement in public policy making.
- Create new opportunities for the genuine involvement of staff and trade unions in developing and enhancing the design, planning and delivery of services.
- Revitalise and strengthen the scrutiny role.





6. Valuing and supporting staff

- A new commitment to staff and trade union involvement in the design, preparation and implementation of the Service Improvement Plan, and the reconfiguration of services and Best Value reviews.
- A new training and staff development strategy to enhance the skill base and provide wider career opportunities.
- An innovation fund to support staff and trade union initiatives to improve services and test new working methods
- Maintenance of good quality employment standards and policies, terms and conditions, pensions, holiday and sick pay to avoid the emergence of a two-tier workforce.
- Good quality employment and equalities standards built into all stages of the options appraisal and procurement process.
- Joint staff/trade union workshops to develop workforce proposals and ideas.
- UNISON will support and wishes to be involved in the planning, design and implementation of a Service Improvement Strategy.

"We have concluded our own staff have the expertise, potential and commitment to develop and take forward these support services in a mix of public and private provision."

(Sandy Bruce-Lockhart, Leader, Kent County Council, September 2001)

Public service principles and values

The government's long term strategy for the reform of public services is underpinned by four principles - national standards, devolution, flexibility and choice (Reforming Our Public Services, Cabinet Office, 2002). However, these are very general principles which need to be underpinned by a more comprehensive set of values if we are to revitalise local government with a new public service ethos.

Our vision is underpinned by 12 principles:

Selflessness (motivated by service rather than by profit, commitment and degree of altruism and attraction to serve the public)

Integrity (commitment to the organisation's values and objectives)

Objectivity (impartial judgment and assessment and clarity in communication)

Accountability (acceptance of legitimacy of the political institutions and processes, serving collective and community needs)

Participation and involvement (a commitment to user, civil society and employee/trade union involvement in the design, planning and policy making processes)

Openness (transparency and responsiveness)

Honesty (highest standards of probity and conduct)

Leadership (high standards and fiscal responsibility)

Equality (respecting cultural diversity and a commitment to justice and fairness)

Competence (using skills and experience for the public good with a commitment to training and service improvement)

Universalism (unless specifically targeted redistribution, public and welfare services should be available for all)

Advocacy (to eliminate discrimination and victimisation and eliminate or mitigate adverse impact)

These principles must be foremost in organisational structures, the planning process, management and operational systems.

Increasing the capacity of local government

- Increasing the capacity of local government is a key feature of the Service Improvement Plan. Capacity has many attributes – the ability to plan; the power to enforce regulations; the availability of skilled staff; the capability to innovate and reconfigure services; the ability to coordinate and work jointly with other public, private and voluntary organisations. These are only a few of the attributes. Outsourcing is the direct opposite because it transfers staff and responsibility to a private firm.
- Councils must not be placed in the weak and vulnerable position of having to buy capacity through the increasing use of management consultants and private firms.
- Private sector capacity is frequently exaggerated, particularly by officers and elected members who advocate outsourcing and privatisation.

High quality services with continuous improvement

- Services need a programme of continuous improvement which is regularly monitored and evaluated so that lessons can be learnt and further investment planned to achieve maximum cost effectiveness. 'Step change' is just management speak for outsourcing - a very high risk strategy.
- Services must be flexible to meet changing needs and local circumstances and not be constrained by the contracting system.
- It does matter who delivers the service – the process of service delivery will always be important in public services.

Enhancing equalities and social justice

Our vision supports and extends equalities

- Improves services and applies information and communications technology to enhance access to services based on community needs and priorities, rather than be driven by commercial interests or technological fads.
- The SIP will take account of the specific needs of all users, regardless of race, gender, sexuality, disability, age or creed.
- Ensure that the introduction of information and communications technology and the reconfiguration of services will maximise opportunities for redeployment and retraining.

"On the balance of information articulated both in this report and in the UNISON Social, Economic & Environmental Audit, the Committee feels that wholesale outsourcing may put both service delivery and the well being of the local community at unnecessary risk, undermine our commitment to equal opportunities, adversely affect staff morale, and be unlikely to result in a significant quality or cost benefits. Consequently, this option is recommended for rejection by Cabinet."

(Report by Director of Corporate Services and the Director of Personnel and Performance, Quality & Performance Scrutiny Committee and the Cabinet, Salford City Council, October 2001)





Enhancing community well-being

Local authorities have a duty to improve community well-being and to prepare community strategies. Milton Keynes Council and Northamptonshire County Council must, therefore, draw up plans to improve economic sustainability, improve employment opportunities, reduce deprivation, increase cohesion and social inclusion and improve the social, economic and physical infrastructure.

Our vision will give priority to community needs, not the business interests of a private firm. Maintaining employment standards and increasing training and skill development will make a major contribution to increasing access to employment and creating new career opportunities.

By outsourcing to a private sector provider, the local authorities are in danger of weakening and diluting their power and capacity to improve the well-being of the community. Outsourcing increases the risk of service failure. Although some risk is transferred to a private contractor, most of the consequences of failure are borne by service users, staff and the councils.

Why no in-house bid?

Milton Keynes Council agreed to prepare an in-house option which would be evaluated alongside bids from the private sector. The council claim that the best value reviews constitute the in-house bid but this is clearly not the case. Few can be fooled by this ploy. They have reneged on their commitment.

The Best Value reviews do not constitute an in-house option for the following reasons:

1. A collection of reviews and action plans does not make a strategy or an overall plan. Best Value reviews are only one part of the management, organisation and operational system which a bid must address.
2. Because they are individual service reviews they do not take account of potential economies of scale within and between the two authorities, and potentially other public sector bodies.
3. Unless the in-house and external bids are prepared on the exactly the same basis, evaluation will be selective and partial thus making a mockery of council claims that they have selected the 'best option'.
4. There has been minimal consultation with the trade unions about the development of in-house options, hence there must be major questions regarding the production, ownership and support of any such options.
5. Local government and public bodies are divided on the use of the European Quality Foundation Model (EQFM) with many (Audit Scotland and individual local authorities) favouring the alternative Balanced Scorecard approach.

It would appear that there has been a deliberate strategy not to fully resource the production of in-house options, and possibly to bundle a collection of Best Value reviews together in an attempt to satisfy the requirement of the Councils. This ignores whether the reviews have been prepared according to best practice and whether they meet the statutory requirements.

Part 2

Critique of partnership by privatisation

Their vision

Strategic Service-Delivery Partnerships (SSPs) are little more than large scale outsourcing contracts. They are funded by public money. The council pays - the contractor is supposed to deliver. The private sector usually provides only a tiny percentage of the finance, frequently for a company business/call centre.

The joint Milton Keynes/Northamptonshire authorities want a partnership to "breathe new life into our business". Local authorities are a tier of government providing democratically accountable public services in the public interest. They must be effective and efficient but they are not 'businesses'.

Milton Keynes and Northamptonshire councils have not attempted to develop separate or joint in-house solutions which may have drawn, where necessary on other public and private sector expertise. Instead, they are rushing into a so-called partnership which is little more than a vehicle for a large scale outsourcing contract - privatisation by partnership

Milton Keynes and Northamptonshire Councils said they wanted three things from a partnership:

To obtain support services that enable core services to keep improving through innovation and refocused resources; and to obtain investment to improve the systems and infrastructure available to staff working in support functions, particularly in terms of IT.

To obtain economic benefits for our communities and to secure sustainable quality jobs in support functions with secure terms and conditions.

To improve public access to services and to deliver e-government that works; and to develop a more secure financial basis for meeting our responsibilities to the community in future.

(Future Local Government, MKC/NCC, 2001)

An outsourcing partnership is not an exclusive means of achieving these objectives, they could also be achieved by adopting our alternative plan.

The outsourcing agenda

The two authorities originally included every council service in the OJEC notice. Later the list was reduced to include the following with the proviso that "it may be on the low side" (Future Local Government, 2001).

Primary - functions/services for both councils

for which bids are required)

- IT & E Government
- Finance
- Property [Estate management]
- Human Resources
- Public Access to Services
- Procurement
- Business process improvement

Secondary - optional services/functions for both councils

for which bids are welcome)

- Catering
- Facilities Management
- Administrative Support
- Architects
- Fleet Management & Maintenance
- Conveyancing
- Debt Recovery
- Public Opinion Surveys/Consultation
- Transport of clients (including pupils)
- Non Educational Support to Schools





Secondary - optional services/function for Northampton County Council

Waste Management
Educational support for schools

Secondary- optional services/function for Milton Keynes Council

Highways Maintenance
Landscape Maintenance
Revenues & Benefits

Putting services at risk

Both councils will argue that a strategic partnership will transfer most of the risk to the private firm. The same was said about Railtrack and all the PFI computing contracts which failed to deliver and led to increased costs, delays and service failures for government departments, local authorities and more particularly for service users. But this is the first time that two local authorities have got together to outsource services on such a vast scale to one private firm – so the risks **are** enormous. These include:

- risks to services users and staff – it is not only who has responsibility for risk but who suffers the direct consequences of failure;
- the risk that savings will not be achieved and cuts will have to be made in frontline services;
- risks for elected members – they will bear the brunt of complaints but will have less influence in resolving them;
- the risk to community well-being and economic development;
- the risk of separating the responsibility for, and delivery of, core and support services;
- the risk of failure of support services which will have a direct impact on frontline services;
- risk to other council services;
- longer term risk - what happens after the expiry of the contract;
- the risk of takeover/merger by another company or a financial crisis in the private firm;
- risk to democratic accountability - threat of company-run authorities;
- risk of exploitation of council assets such as property and intellectual capital;
- the monopoly control of support services brings its own risks.

Asset stripping

Valuable public assets will be transferred to a private firm including:

- the staff - the local authorities are willing to simply transfer probably their most valuable asset, the staff;
- property assets;
- intellectual property - the intelligence and knowledge of staff built up over the years will be transferred to the private sector for free;
- vehicles, print and design and other assets needed to keep the councils running will be given or sold cheaply to the private sector.

The virtual council

What does the future hold for Elected Members

The virtual council is fast becoming a reality. The enabling council model is the ultimate client/contractor split. It concentrates on 'strategies' but provides few services or functions.

- Less power to influence change and meet local needs because services are delivered, and policies are implemented, via long term contracts;
- Fewer elected members will be needed because the workload will have diminished and officers will have a more dominant role;

- Focus on complaints rather than policies;
- Limited influence because of contracting system;
- Scrutiny will be constrained by commercial confidentiality and partnership ethos;
- The select few involved in partnership boards will be heavily constrained by commercial confidentiality;
- Elected Members will be arbitrating contract disputes and conflicts between private firms delivering council services;
- Elected Members on the partnership Board and local authority arms length companies will find it difficult because they are legally bound to place the interests of the that organisation first and over and above those of the organisation they represent.

A strategic partnership contract is likely to have a significant impact on Elected Members. Democratic accountability will be severely weakened because the partnership will create a separate board to oversee the contract which will be governed by 'commercial confidentiality' - creating a government within government. It would be a significant step towards creating an enabling or virtual council in which services and activities are provided mainly by private contractors and the voluntary sector. This means 'Virtual Elected Members' because fewer Elected Members will be needed and will have a reduced role, less power and meet less frequently.

Embedding the enabling model of the state

The enabling model of government relies on competition to determine service provision, market forces to allocate resources and business rather than social criteria to assess performance. This leads to a purchaser-provider or client contractor split, increasing outsourcing and creating an internal market for trading and charging of services which cannot be contracted out.

The separation of responsibilities has a number of problems. Policy formulation, implementation and evaluation are not separate or distinct processes. The first requires constant adaptation and continuous development based on the experience of service delivery and the identification of changing needs. Learning organisations are needed with continuing cooperation and interaction between policy-making and implementation.

The split means two sets of competing, and in some cases, confrontational relationships and power struggles. Information about changing needs, user views of the service, contract performance and service development are often subject to 'ownership' disputes. The so-called vested interests of providers (staff and trade unions) are replaced by external vested interests of business elites and transnational companies.

Outsourcing public services does not offer users genuine choice, only client managers. Contracting results in putting price before quality, high transaction costs, job losses and a reduction in the quality of employment and widening inequalities. It often results in a loss of trade union representation and organisation, TUPE notwithstanding. It means a loss of in-house capacity and skills, a transfer of decision making and power from elected representatives to officers, an expansion and extension of market systems and a loss of flexibility and innovation constrained by the contract system. It also results in pressure to continuously widen the range of services outsourced to gain further economies of scale.

Outsourcing imposes a degree of rigidity in service delivery because contractors work to contract and changes must be accompanied by variation orders and usually cost increases. Management by contract results in a loss of flexibility. Contracts can never be complete. They fragment rather than integrate service delivery and although variations, renegotiation and retendering are options, they impose further transaction costs.





Eroding accountability

A strategic partnership will reduce internal capacity to respond to change and increase reliance on the private sector. As the contract proceeds, private firms will try to negotiate for more services to be outsourced - this is already happening in several existing strategic service delivery partnerships. But this produces a spiral of declining internal capacity and further erodes democratic accountability.

- How will the local authorities maintain effective control over service provision when they are having to deal with a multinational firm with monopoly control of support services in both councils? Evidence from existing strategic partnerships in Liverpool, Middlesbrough, Bedfordshire, Blackburn and Lincolnshire reveals that elected members know little of what is happening within the contract. The Partnership Board is a small clique which operates behind closed doors. Commercial confidentiality is used to conceal the facts - accountability plays second fiddle to commercial confidentiality. Where are the monitoring reports?

The lack of transparency is endemic.

- The reason why the private sector favours partnerships is that once the local authority is signed up it has a vested interest in the success of the contract. Criticism is kept private - nobody wants to rock the boat.
- Partnership also means that the local authority and the private firm will work 'hand in glove' to 'expand the business'. But this usually means that more and more council services will be outsourced, often through negotiated deals rather than competition.

Track record of the private sector highlights risks

The following examples highlight the risks of the partnership route. They show that grand but unfulfilled promises have been made by companies determined to increase their share of the public sector market:

Problems in local authority strategic partnership: In **Lincolnshire** failure to computerise financial services meant that schools were unable to pay their invoices between December and March and were forced to delay the preparation of budgets for 2001-02. There were 17 performance failures. The Council's target for paying bills in 30 days fell from 95% to under 50%. There have also been problems with the payroll system.

£75,000 penalty for WS Atkins in Southwark: The firm operates a £150m five year strategic partnership for services to schools in the borough. It failed to meet its pupil performance targets in 2001 and was penalised. In addition, the number of schools in special measures or in the serious weaknesses category have remained the same. The contract included the transfer of the Early Years and Adult Education services to WS Atkins this year but implementation has been delayed until April 2003.

In **Cumbria** Capita's problems with the payroll system meant that staff did not get the 2001 pay rise until July and some staff had a long delay in obtaining their backpay. Many schools have withdrawn from Capita services. A two-tier workforce is already developing.

Call Centre closures - BT recently announced that it is closing 53 call centres in England, Wales and Scotland with the loss of 2,300 jobs. BT has or is negotiating strategic partnerships in Liverpool, Edinburgh, Newcastle, Barnsley and Walsall. The job losses are in addition to the loss of 2,000 call centre jobs in the last twelve months as BT reduces the number of call centre sites from a peak of 104 to only 30 centres. Although jobs in call centres are expected to grow nationally, further reductions are inevitable in individual companies as firms move to multi-function centres, automated telephone systems and as use of the internet expands.

Seven revenues and housing benefits contracts terminated in Hackney, Taunton Deane, Wandsworth, Waltham Forest, Lambeth, Newham and Kingston upon Thames after causing large backlogs of claims, financial hardship for tenants, soaring complaints and financial crises for housing associations (contracts held by ITNET, EDS, Capita and CSL).

Eight major central government ICT projects have suffered long delays, soaring costs, poor service and large backlogs in processing applications. The cost of the Inland Revenue's partnership with EDS rose by 135% in just six years.

Criminal justice system IT cost increases - three court service information technology contracts, ARAMIS, LIBRA and Court Computer System (CCS) have increased an average 79% - a total of £268m above the original cost. Since two contracts are less than half way through the original contract period, further additional costs would appear to be inevitable.

Computer systems operated by private companies for the Metropolitan Police, Student Loans Company, Benefits Agency, National Air Traffic Control and the Northern Ireland Vehicle Licensing Agency have either been abandoned or provided late with substantial cost increases.

Corporate impact

- Neither council has carried out an assessment of the impact of a strategic partnership on the rest of the local authority, for example, the effect on other directorates, organisational structures, staff and frontline services.
- It has been assumed that a strategic partnership will benefit corporate objectives, but no indepth analysis has been carried out to test this assumption. There is every likelihood that it will reduce their ability to implement economic development strategies.

Impact on local and regional economy

Milton Keynes economic development objectives are to maintain inward investment; to support business growth and, in particular, start-up and new small businesses; to increase participation in lifelong learning; to address social inclusion and disadvantage, in particular, in relation to employment; to facilitate partnership projects to address community issues, such as poverty and crime reduction; and to become a committed employer that values staff.

The longer term implications of such a large single outsourcing contract on the sub-regional economy have not been examined.

Limited investment

The claims made for private investment in strategic partnerships are often exaggerated. For example, Hyder's proposals for Bedfordshire involve "significant investment in new technology" which turn out to be £8m to "implement world class business systems" and £8m "in property refurbishment and development", a mere 3% - 4% of the contract price. Part of the county hall will be turned into a business centre for Hyder. But this expenditure can be discounted as it is a Hyder investment so that it can try to win additional contracts. Some 96% of the overall expenditure will be funded by Bedfordshire County Council. Local taxpayers are effectively underwriting the business expansion of a private company.

Job losses

1. Strategic partnerships result in a loss of jobs even though a contractor may transfer all staff at the commencement of the contract because there is always a loss of jobs as staff leave between the council's decision to proceed with a strategic partnership and the completion of the procurement process (usually a minimum of eighteen months).





2. Authorities usually replace leaving full-time staff with temporary staff once the procurement process begins. In Middlesbrough 20% of staff who transferred to Hyder were on temporary contracts. Similar decisions are already being made in Milton Keynes based on assumptions of a future PPP.
3. Additional job losses will occur once the contract commences. Approximately 1,046 staff transferred in to Hyder in Middlesbrough but this is expected to reduce to 605 over four years – a loss of 441 jobs or 42.2% of staff (Audit Commission Best Value Inspectorate report, September 2001). Evidence from other authorities indicates minimum job losses of 25%.
If between 1,250 – 1,500 staff transferred in Milton Keynes and Northamptonshire and assuming the same job loss rate as Middlesbrough, some 525 – 630 jobs will be lost in the two authorities.
4. If a private firm wins additional contracts it will already have a core staff. Economies of scale will ensure that it will require fewer additional staff every time the company wins a new contract, irrespective of whether staff are seconded or transferred. It is inevitable that fewer staff will need to be retained in other local authorities and public bodies which will result in a net job loss in the regional economy.

Any 'growth' will first have to replace these jobs in order to claim a genuine increase in employment.

Internal or external 'growth'?

Private firms which fail to win additional contracts from other local authorities are almost certain to turn to trying to persuade and pressurise the Councils to privatise more services. The regional call centre may then 'grow', but it will be because of the transfer of more council jobs. There is unlikely to be a net growth in employment.

Property speculation

There is also the risk of property speculation when a private firm offers to build a regional business/call centre and the firm is also bidding to takeover the management of local authority property assets. Firms are keen to include property management in the scope of strategic partnership contracts. Property rationalisation as a result of partnerships, and transfer of work to regional business centres, offers a new opportunity for firms to profit from the sale of public assets. It also places them in a strong position to identify new commercial and regeneration property acquisition opportunities.

Contribution to regional growth strategy

Limited impact on the regional economy and productivity

Strategic partnerships are usually supported by the regional development agency because of their commitment to creating a 'knowledge economy', investment and growth in the ICT sector. However, there is increasing scepticism over the link between investment in information technology and productivity growth. New research by the McKinsey Global Institute assessed the increase in ICT capital spending and increased productivity in the US economy in the latter part of the 1990s. They found that the "actual correlation between the two is very weak" (Financial Times, 17 October 2001).

The study found that nearly all the increase in productivity since 1995 was in just six sectors - retail, wholesale, securities, telecoms, semiconductors and industrial machinery and equipment (mainly computers). The other 53 sectors, representing 69% of the non-farm private sector economy contributed just 0.3% productivity growth. Yet these sectors accounted for 62% of the increased ICT expenditure. Some sectors experienced a productivity decline.

Shifting jobs between regions

Contractors are adept at transferring and shifting work between business/call centres depending on workloads and contracts won or lost. They already move work between business centres to avoid employing additional staff and to maximise workloads where pay rates are lower.

Firms make statements about creating jobs in a region but often transfer work from contracts in another region. How long will it be before they make similar statements to elected members and staff in other authorities about transferring work from Milton Keynes and Northamptonshire?

Evaluation

It is essential that the evaluation process includes equitable and transparent assessment of the in-house option together with private sector bids.

UNISON submitted detailed proposals on the evaluation criteria and their weighting. The lack of response does not give us any confidence that evaluation and assessment will be comprehensive and rigorous.

We urge elected members to ensure that:

- the in-house option is fully and fairly evaluated;
- the evaluation process is transparent;
- equity and sustainability must be mainstreamed in all aspects of the evaluation;
- evaluation should include genuine consultation and involvement of all stakeholders.

Elected Members are reminded that there is no obligation for either authority to award a contract. The local authorities, jointly or individually, can decide at any stage not to proceed.

Recommendations

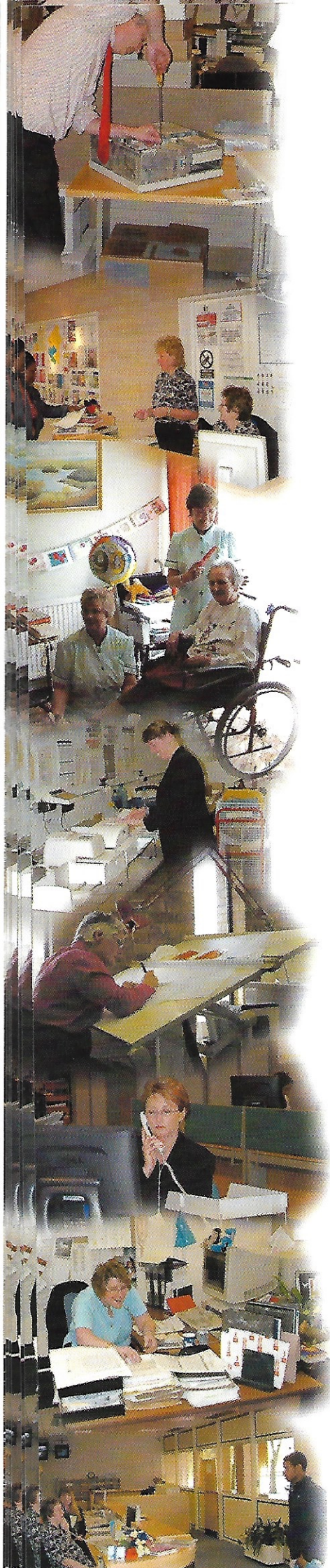
1. Stop the procurement process with immediate effect.
2. Set up a joint local authority Taskforce with responsibility to draw up a Service Improvement Strategy.
3. Use the recently completed Best Value reviews, action plans and contract documentation to draw up a Service Improvement Action Plan.
4. The Action Plan should be based on the six-part vision set out at the beginning of this report.
5. Hold staff briefing sessions to communicate with staff about the principles, values and public service those underpinning the new approach.
6. Recruit staff committed to public service principles and values.
7. Organise staff and trade union, and where relevant and feasible, user organisation involvement in the restructuring and replanning of services. Prioritise harnessing the skills and experience of the staff.
8. Identify and select suitably experienced and skilled public and private providers of information and communications technology and technical advice on the reconfiguration of services.

Organisational options

If procurement continues then:

- Evaluate against a comprehensive in-house alternative plan.
- Evaluation to include full financial, service, social, economic and environmental audit with an equality impact assessment.
- Ensure that the UNISON Branches Workforce Charter is fully implemented with evidence and guarantees provided for staff both existing and future.





Key Questions - the challenge

- Where is the Milton Keynes in-house option?
- What risks are transferred to the private sector – how are service users and staff protected?
- Won't the local authorities will ultimately bear most of the financial risk?
- What is the logic behind the package of services – where is the evidence to demonstrate that this is more just a shopping list of services for outsourcing?
- Is there really a separation between front and back office services?
- What profit levels or rate of return have been built into the contract?
- What guarantees will the private sector provide?
- What is to prevent the contractor trying to persuade the councils to outsource more and more services over the 10 contract period?
- Will both local authorities simply become company-run councils?
- Why won't the local authorities subject the proposals to a detailed independent impact assessment?

Conclusion

Our vision

We urge the two Councils not to award a long term multi-million pound contract to a private firm but instead to agree an in-house Service Improvement Strategy. This will harness the skills and experience of council staff to implement a wide range of service improvements. It will draw on the best experience from selected public and private sector providers.

Our proposals will mean:

- additional investment
- improvements to core frontline and back office services
- better access to services
- quality employment
- improvements to both councils' financial security
- benefits for other local authorities and public bodies in the region
- improve sustainability of the local economy
- focus on equalities and social inclusion
- enhances community well-being
- prioritises community and social needs over interests of a private contractor
- meeting e-government targets
- added value

The partnership by privatisation vision

Outsourcing so-called back office services to a private firm will mean:

- loss of accountability and greater secrecy
- cherry picking of services by the private sector over the next ten years
- increased dependency on the private sector for services
- high risk of service failures
- substantial loss of jobs
- reduced terms and conditions for new staff
- increased costs despite claims of savings
- partnership in name only
- adverse impact on equalities, social inclusion and the local economy
- a loss of in-house capacity of local government
- a failure to modernise because awarding a long term multi-million pound contract to a private firm is commercial modernisation, it is neither public service reform or democratic renewal.

There is a fundamental flaw in the way the strategic partnership has been conceived and developed:

- to our knowledge, no attempt was made by the two authorities to improve in-house services with trade union involvement, whether jointly or separately;
- the first contract notice covered every council service, proof of the lack of project objectives;
- the Invitation to Negotiate narrowed the range of services but still invited contractors to submit proposals for a wide range of services, which lacks coherence and logic;
- outsourcing has been imposed without proper planning;
- financial motives dominate, which does not provide a sensible and rational base for a project of this magnitude;





- the package of services is too big and lacks a public service integrity;
- it is a very complex contract to be managed by two local authorities which have limited experience of joint working or managing such a large outsourcing contract;
- marriages of convenience have a poor track record and the scene is being set for disputes and squabbles in which the only likely winner will be the private contractor. The senior officers who promoted the partnership will be long gone.

There is a viable and effective alternative to outsourcing.

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