



# One Barnet: The Wrong Approach to Transformation

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The **European Services Strategy Unit** is committed to social justice, through the provision of good quality public services by democratically accountable public bodies, implementing best practice management, employment, equal opportunity and sustainable development policies. The Unit continues the work of the Centre for Public Services, which began in 1973.

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## Recommendations

We recommend the Council:

1. **Delay the commencement of the formal procurement process for Development and Regulatory Services, Transport Services and Parking Services and terminate preparation for the transfer of Adult In-House Services to a LATC.**
2. **Require the One Barnet Overview and Scrutiny Panel to urgently examine the options appraisals and business cases before a procurement process is commenced.**
3. **Require a Gateway Review (a peer review of how the process achieves the objectives) of Options Appraisals and Business Cases prior to commencement of a formal procurement process.**
4. **Redesign the Options Appraisal evaluation framework to provide an evidenced, more comprehensive and rigorous assessment of the cost and benefits of each option.**
5. **Ensure every service is subjected to a Service Review and Options Appraisal, and where procurement is the selected option, preparation and approval of a full Business Case before the procurement process can be started.**
6. **Ensure every Options Appraisal includes a properly designed in-house option that draws on innovation, improvement, new delivery methods and service integration, draws on the skills and experience of staff, and engages with trade unions, local community organisations and Barnet citizens.**
7. **Redesigns the transformation process with a programme of service reviews and options appraisals engaging staff/trade unions, users and community organisations in a genuine new relationship with citizens.**

### **UNISON position**

If the Council decides to commence the formal Procurement process for Development and Regulatory Services (DRS) then Barnet UNISON will arrange through our region for an industrial action ballot of all our members working in DRS.

## Critical decisions

This report summarises the trade unions response to proposals to authorise the start of a formal procurement process for Development and Public Health Services, Parking Services and Transport Services and to authorise a full business case and business plan for the transfer of Adult In-House Services to a Local Authority Trading Company. It includes initial comments on the One Barnet Framework report. The trade unions have submitted detailed comments and recommendations in two separate reports on the Development and Public Health Services and Adult Services Options Appraisals.

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Best practice public management consists of six sequential stages:

- Service Review (retain in-house with improvement plan or proceed to Options Appraisal)
- Options Appraisal (retain in-house or transfer or proceed to Business Case & procurement)
- Business Case
- Procurement
- Contract Award (appoint contractor or retain in-house provision)
- Contract Management

Barnet Council has paid scant regard to service reviews, has published two poor quality options appraisals and now seeks to move straight to procurement without an options appraisal or business case for Parking and Transport services.

## **Risky management and preparation for procurement**

The following comments on Barnet Council's transformation programme are based on detailed examination of key documents and the submission of over twenty reports by the trade unions in the last two years.

1. **Failure to undertake Comprehensive Service Reviews** engaging staff and service users to identify innovation, efficiency and new ways of working.
2. **Options Appraisals to date are fundamentally flawed** because the treatment of in-house options is not credible, they contain sweeping assertions and assumptions, which are not supported by empirical evidence, have superficial risk assessments, are devoid of equality matters and do not ensure the Council achieves value for money.
3. **The lack of evidence** in the options appraisals, and particularly the Cabinet reports for Transport Services and Parking Services, is stark. They contain rough estimates from unidentified sources, lack basic business forecasts and open the Council to further significant financial risks.
4. **Plans to commence the formal procurement process** with an OJEU Notice *before* an Options Appraisal has been carried out or Business Case has been approved is little short of reckless management practice.
5. **The Council has ignored government best practice** by not having Gateway Reviews to assess the effectiveness of preparation for the procurement process and meeting the Council's objectives.
6. **Failed to carry out meaningful Oversight and Scrutiny reviews** of the projects.
7. **Failed to address major shortcomings in contract management** and to take action recommended by two separate reviews of corporate procurement policies in 2008 by PriceWaterhouseCoopers and Barnet Trade Unions.
8. **The option appraisals pay scant regard to equalities.** The Project Initiation Document for the Development & Public Health Services options appraisal did not make any reference to staffing or equalities. The appraisal report merely reported the number of staff.

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9. **An erratic approach to shared services and joint delivery** – this approach was marginalised in the Development and Public Health Services options appraisal but promoted in Transport Services but without an options appraisal.
  10. **The Hendon Cemetery and Crematoria options appraisal** concluded that retaining and investing in in-house provision was by far the most advantageous option. To outsource service, almost certain to be subcontracted to one of the firms that took part in the earlier options appraisal, is little short of perverse and falls well below good financial practice.
  11. **Staff and trade unions have been excluded from the options appraisal process.** The Council have shown little concern for the interests of employees despite these immediate proposals affecting over 500 staff and a further 1,500 – 2,500 staff in later tranches of the transformation programme. The Council rejected trade union proposals for options appraisals to consider TUPE Plus and secondment employment options.
  12. **Failure to respond over two years to a series of proposals** from staff and trade unions on transformation and procurement policies and proposals.
  13. **Preparation of Business Cases is not a fallback position** – the lack of rigorous evaluation in options appraisals means that business cases are built on the same faulty foundations. This could result in the local authority being challenged on due process and value for money grounds.
  14. **There is no evidence of an overall vision** of the future shape or organisational structure to demonstrate how the Council will govern and manage several strategic service-delivery partnerships and other contracts. It has failed to engage citizens or staff in basic transformation processes and has made no progress in the establishment of a ‘citizen centred organisation’ (One Barnet Framework, 2010).

## **Creating new risks, failing to recognise others**

**Revenue risks are under-estimated.** Parking and the Hendon Cemetery and Crematoria are vitally important sources of revenue for the Council that will be transferred to a private contractor thus increasing the risk of dilution of resources available to the Council.

***The Council is ill prepared to start a complex procurement*** – it is widely accepted that the Competitive Dialogue process requires greater preparation and skills than other procurement models. This raises new risks for the Council that have not been recognised.

In addition, the One Barnet Framework fails to identify:

- ***Financial risks*** – failing to achieve savings, increased costs because of poorly designed contracts and/or high level of variation orders. The Council’s experience with the Catalyst/Fremantle contract is apparently regarded as a one-off despite the same risks being prevalent.
- ***Decline in quality of service*** – and failure to meet the social needs of Barnet residents is not recognised as a risk.
- ***Effect on staff*** – no mention is made of the risks borne by staff in transfer to private firms.

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- **Impact on the local economy** – the risks of loss of business and jobs on the local economy have also been ignored.

## Costs and consequences

We believe Barnet Council is failing in its **Fiduciary Duty** to fully consider all the options for service delivery, to fully examine each option and to assess all the risks, costs and benefits in a comprehensive and rigorous manner.

The One Barnet Framework is a last minute desperate attempt to cover up the flaws and weaknesses and criticism of the Future Shape/One Barnet programme identified by auditors Grant Thornton. The cumulative savings to 2018/19 present a misleading financial picture and unrealistically assume little or no change in the demand and/or cost of services/contracts for nine years (Estimated Financial Benefits, Appendix B).

## Opportunity to reshape Barnet's transformation programme

There is an opportunity to reshape Barnet's transformation programme replacing current practice with an immediate programme of service reviews to identify efficiency savings and fundamentally challenge the way services are delivered, apply innovative working methods, integrate services and develop joint/shared provision. A new corporate template would ensure the fair treatment of in-house options, employment options and comprehensive evaluation of costs and benefits in future options appraisals and business cases.

The One Barnet Framework states that the Council plans to spend £9.2m (mainly in consultants fees) in the three-year period between 2010/11 and 2012/13 to achieve an annual saving of £10.1m by 2012/13. A much smaller expenditure that engaged staff and trade unions in the transformation process could have identified similar annual savings more quickly with the same cumulative effect.

## References

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