



Committee: Corporate JNCC

Date: 12 July 2010

Joint Trade Union report

1. Future Shape

For the past two years there have been ongoing discussions with the Trade Unions on Future Shape.

From the outset the message from the Council to the Trade unions was that this was not a mass outsourcing agenda. It was about taking a look at what we do; if we need to continue to provide certain services and if so whether the council was the best organisation to deliver these services. This was a considerable challenge and the Council recognised it would need resources (£3 million) to support senior officers and cabinet members make fully informed decisions. The resources have been provided through secondments from organisations such as BT and IDeA and the employment of consultants for long and short term pieces of work. Internally staff have also been seconded from parts of the council to support the projects and funding has been needed to backfill their posts.

In the early days the council made a brave and ground-breaking decision to provide funding (£8,800) for the trade unions to engage a 'critical friend' to help with our involvement with the future shape process. The Trade Unions engaged Professor Dexter Whitfield. Members will be familiar with his reports which we have submitted over the past 18 months direct to councillors and to a number of Cabinet Committees. Unfortunately the funding was stopped in December 2008.

2009 saw the emergence of easyCouncil and a national media profile for Barnet Council. Whilst there has been little evidence of what easyCouncil means in terms of service delivery the trade unions continued to seek an agreement on trade union and staff engagement once the Future Shape projects began.

Good news

We have agreed the terms of reference for the People and Culture work stream meetings and our meetings with the Chief Executive. We have had a number of meetings and we continue to make some progress. We are also supportive of some of the Governance arrangements being put in place to monitor the progress of Future Shape projects.

Ongoing issues

Trade Union engagement on the Future Shape Projects

We originally understood that the ground breaking approach to involving trade unions with the Future Shape projects would mean trade unions sitting on the project teams as in the case of the Cems & Crems project. However, this approach has been abandoned for all other projects. We now find ourselves outside the process (along with the staff) with no understanding of our role in the consultation and engagement of the Options Appraisal process for all of the service delivery options being considered.

We had previously been championing our involvement on the project teams with staff as a means of assuring staff of the transparency of the process. It has, in our opinion, been unhelpful being relegated to the outside and is causing concern both for the trade unions and our members.

We have seen a proposal that all projects should have a trade union engagement plan. To date we have not seen any such plans and are unable to make comments.

The process

The Trade Unions submitted a draft Corporate Procurement Policy to Cabinet Committee in October 2009. Our draft was an opportunity to begin a discussion which we hoped would lead to a new Corporate Procurement policy. We have had some discussions with Procurement about our report but there has been no formal response. The Trade Unions were provided with an introduction to the Corporate Project Management Toolkit which was helpful. In recent weeks we have had a helpful meeting with HR & Support Services colleagues. We are just beginning to explore some of the concerns we have been raising for almost 18 months; namely we don't have a Corporate Procurement policy able to respond to the enormous transformation Future Shape is presenting the Council.

Why is a policy needed?

There are a number of Future Shape projects going forward and in all of them there has been a lack of understanding of process and coordination across staff at all levels of the council who are working on the projects. It is our view a policy would have enabled everyone to understand the process from start to finish. Work is only now starting to identify some consistency in language and the correct processes to be followed for each project. One way forward would be for all Procurement services to be managed together under the Commercial Services Directorate. In this way it would ensure consistency of approach to Procurement and in particular ensuring that contracts deliver value for money to the Council.

TUPE Plus

A first meeting has now taken place and we are waiting for confirmation over which parts of TUPE Plus the Council would endorse. Whilst it was useful to have the conversation the outcome may not be such good news for staff potentially transferred out of the Council.

One of the important issues in our proposal for TUPE Plus is that new starters are given the opportunity to join the LGPS. Otherwise throughout the life of the contract the number of staff making contributions will dwindle as transferred staff leave. Our questions are :

1. **“What would happen to our Pension fund if the number of staff paying in diminishes?”**
2. **“What is the critical number of staff making contributions below which places the scheme under threat?”**

These questions are still unanswered.

Service Delivery Models

This is probably the most contentious issue for staff. The Trade Unions understood all service delivery options would be given equal consideration. We have not previously been consulted about service delivery models and so welcomed the opportunity under Future Shape to discuss possible models. However, as the projects have developed it has become apparent that equal consideration & resources are not being given to all the options. We are concerned that the Direct Provision option is not being developed in readiness for the Options Appraisal. We have expressed concern about the impact on morale for staff. They will interpret lack of work to develop this as a viable option as a clear signal their service will be privatised.

Already a number of favoured options have gained publicity in the local media e.g. Joint Ventures and Management Buyouts. Staff and Trade Unions are understandably sceptical that social enterprises or management buyouts would be able to access funds at a time when government ministers are unable to get banks to lend to businesses; despite the £1.3 Trillion of tax payers money being handed to them. In the event they did secure finances, would they be sustainable throughout the term of the generational (15- 20 yrs) type contracts we are being told the Council is looking for?

ALMO's or Local Authority Trading Companies may have slightly better chances of securing finances but we are already seeing councils bringing back their ALMO's to save money for their council taxpayers e.g. Hillingdon, Slough and, most recently, Ealing.

We had been hoping that the easyCouncil model would have embraced a joint staff/trade union, senior officer's model to develop a direct service option in order to ensure the business case for other service delivery models would be thoroughly tested.

There is a growing sense of unease and anger amongst staff, who are the key to providing quality services, that they are not being given the recognition and consideration that they deserve.

The Economic Case for In-House Options and Bids

Options appraisal

The purpose of options appraisal is to examine different methods of service delivery, assess the costs and benefits of each option and recommend either retention of the existing service with an improvement plan or proceed to procurement of an alternative option. The Office for Government Commerce (OGC) recommends that local authorities should “investigate options ranging from in-house delivery to degrees of partnership with the private sector and with others in the public sector.” www.ogc.gov.uk/documents/BusinessCaseTemplate-DetailedContent.doc.pdf).

No option should be ruled out at this stage.

A thorough and comprehensive approach is required to meet fiduciary duty responsibilities to ensure the Council achieves value for money, to satisfy public interest concerns that the Council is comprehensive, rigorous and fair, and as a matter of good practice public management.

Excluding an in-house option at the options appraisal stage invalidates the appraisal process because the Council is deliberately excluding a potentially viable option that could deliver the best value for money. A strategic commissioning role should not exclude opportunities to deliver best value, particularly for core services, when this can be obtained by in-house options and bids.

Cost transparency

Council access to accurate current costs of service delivery, management, staffing and so on will be increasingly important in developing One Barnet initiatives. The true cost of in-house services can be more readily assessed than those of private or voluntary providers, who use commercial confidentiality to avoid disclosure. Furthermore, the full costs of contracts are usually obscured by the frequent use of the contract variation order system

Long-term value for money

An in-house option/bid provides service quality, operational, innovation and financial standards against which other proposals and bids can be assessed. The Council must consider not just initial contract prices, but the full long-term cost in their assessment of costs and benefits.

The Council must also take account of the financial consequences of changes in the membership of the Local Government pension Scheme – a declining membership could result in the Council having to increase its contribution to maintain the viability of the Scheme.

Recommendation

- a) In-House Options and bids i.e. resources are made available to enable staff, trade unions and senior managers to be involved from the outset and understand the rules.
- b) The Council invites the Newcastle Chief Executive to send the Director responsible for developing an in-house bid alongside a tender bid from

- BT for back office services to come and address a meeting of the top 100 managers and to speak at a meeting of Council staff.
- c) A guarantee that TUPE will last for the length of contract.
 - d) TUPE Plus is adopted by the Council.
 - e) Our Pensions questions are answered before any decisions to outsource are made.
 - f) Public Public Partnerships with other local authorities and public bodies are included in the Options Appraisals i.e. cross borough solutions to the funding crisis.
 - g) One Barnet Option is included in Options Appraisal for Support Services Project i.e. we have seen no evidence that any of our Barnet Public Sector Partners are giving any commitment to join to form a Public Public Partnership model for Support Services delivery.

4. LIST OF BACKGROUND PAPERS

- 4.1 Joint Trade Union (JTU) DRAFT Corporate Procurement Policy
- 4.2 JTU Barnet Transformation Toolkit
- 4.3 JTU Barnet Protocol
- 4.4 JTU Future Shape report to Cabinet 21 October
- 4.5 "The Economic Case for In-House Options and Bids"
- 4.6 Any person wishing to view these background papers should contact John Burgess on 0208 359 2088