



One Barnet Critique



**European Services
Strategy Unit**

(Continuing the work of the Centre for Public Services)

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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.

Key risks in the One Barnet Framework

This is an analysis of the One Barnet Framework report to Cabinet (29 November 2010) and the accompanying presentation.

A Barnet Council framework with a One Barnet badge

- The concept of One Barnet including other public bodies in Barnet appears to have been lost – there is not one mention in the report of the NHS, Middlesex University, the Police or other public services in the Borough. The Framework does make a few vague references to ‘partners’, now part of modern public service language but meaningless given Barnet’s original objectives and the requirements of a business case. There are no proposals for joint provision and procurement, essential if ‘seamless services’ are to become reality.

Disingenuous language

- The Framework is disingenuous because it refers to “One Barnet transformation”, “One Barnet programme” and “One Barnet framework” interchangeably throughout the report. The words ‘outsourcing’ and ‘privatisation’ do not appear but if the proposals for Development and Public Health Services, Transport Services and Parking Services are approved by Cabinet and subsequently by Council, these services will be outsourced to private contractors. Despite the ‘new relationship with citizens’ the Council still cannot be open and transparent about its intentions.
- The Council currently does not permit in-house bids so once the procurement process commences it is almost certain that services and staff will be transferred to a private contractor. Other services in the transformation programme will face the same consequences.

Short cutting business practice

- Furthermore, the Council is abandoning options appraisals and business cases and moving straight to procurement. The Transport and Parking services reports set a precedent, because no options appraisal is planned and a business case will be prepared *after* the formal procurement process has commenced.
- Barnet council made similar short cuts in the privatisation of residential care homes to Catalyst/Fremantle, which has subsequently led to a multi-million additional payment to the contractor and large wage cuts for staff. The Council should learn the lessons from this and other contracts before embarking on the same process.

Locked into contracts

- The Framework will mean that the Council will be locked into several large long-term contracts that may be designed to be flexible but at a price. There have been very few examples of public bodies joining shared services contracts once they are operational.
- The One Barnet Framework contains broad statements that imply everyone is a winner from the transformation programme, which is most unlikely. There are always losers from outsourcing and privatisation.

Lack of empirical evidence and analysis

- The report lacks empirical evidence to support the statements and figures and therefore can only be regarded as an outline Business Case.

Risks under-stated

- Our report *One Barnet: The Wrong Transformation* concluded that the Framework failed to identify some key risks and under-estimated the revenue risks.

Budget cuts, not savings

The *One Barnet Framework* contains a chart showing the estimated financial benefits for a nine-year period between 2010/11 and 2018/19 (Appendix B). The Coalition government is cutting government support to local authorities by 26% over the next four years following the Spending Review 2010. The Council is “consulting on potential budget reductions of £46m over the next three years” which “...reflect One Barnet projects which are now in progress.” This level of cuts cannot be achieved by efficiency measures alone.

Smoke & mirrors or distorting the figures

The One Barnet Programme has claimed £102m savings for a nine-year period from 2010/11. This figure is arrived at by adding up the annual savings over a nine-year period. **They are NOT new annual savings but assume that savings achieved in the early years of the transformation programme are available for every successive year.** Some of the figures in the Table, for example for NSO, go up and down from one to year to the next in the Council’s report, thus suggesting that these savings are new for each year.

The transformation programme is forecast to produce a budget reduction of £14m per annum (by 2014/15).

The Councils figures are only estimates and do NOT take account of:

- Changes in the rate of inflation.
- The rapid shrinking of the Council as more and more services are outsourced thus the ‘savings’ on corporate services will also decline.
- Changes in the demand for services because of social needs and economic circumstances and changes in Barnet’s population.
- The performance of private contractors delivering the outsourced services.
- The level of increased costs likely to be claimed by private contractors for changes in the scope and/or volume of contracts.

The Council is making very big assumptions that the budget reductions will continue at the level forecast.

The total costs of the services subject to transformation have not been disclosed, hence it is not possible to comment on the relative size of these reductions. Producing a table only of ‘cumulative savings’ is unhelpful.

Equalities

Have the savings estimates included the likely cost of delivering the equalities agenda? If so what is the cost of meeting the equalities agenda under each package?

High cost of consultants

The Council plans to spend at least £9.2m in the three-year period between 2010/11 and 2012/13 on the transformation programme and Programme Management Office. The vast bulk of the £9.2m will be spent on consultants and lawyers. These are estimated costs and are likely to increase. The Council has already spent an estimated £4.3m on transformation consultants and legal advice since the start of Future Shape in 2008 and the current financial year.

The trade unions *One Barnet: The Wrong Transformation* report noted that an alternative strategy of engaging staff and trade unions in a different transformation process could have identified similar annual savings more quickly with the same cumulative effect.

No cash savings to spend elsewhere

The budget reductions do not provide cash savings that can be used for other services. The notion that making 'efficiency savings' gives the Council more money to use for other services and projects is simply not the case. It is the equivalent of claiming that cutting services and reducing taxes "gives people more money in their pocket to spend how they like" when economic reality means Barnet citizens are faced with higher taxes and charges, fewer services and pay cuts resulting in less disposable income.

Lack of evidence

The Council has attracted national media attention with regard its One Barnet budget saving targets. Given the sweeping assumptions made in the options appraisals produced to date, the lack of business cases prior to commencing procurement and the absence of empirical evidence, the "estimated financial benefits" are likely to be significantly over-stated.

References

Barnet UNISON (2010) *One Barnet: The Wrong Approach to Transformation*, November, London.

London Borough of Barnet (2010) *One Barnet Framework*, Report from Cabinet Member for Customer Access and Partnerships, Cabinet, 29 November, London.