

revitalise

A briefing on UNISON Scotland's public services campaign
No 7 Autumn/Winter 2008



Rise of the public services industry

Public services were originally set up as a response to market failure and moves towards larger private sector delivery will leave users vulnerable to market changes.

That's the conclusion of a new report which UNISON commissioned from journalist Paul Gosling, investigating the growth of the public services industry, the policy influence of the growing sector and the concerns raised by the changes being made.

The government's own review estimates that the public services industry now has a turnover of £79bn. But Gosling finds that increasing privatisation of delivery often fails to deliver the promised value for money to the public sector or service users.



The report looks in detail at the private sector's role in investing in and delivering public services, including providing IT, facilities management and back office functions and direct services.

Their role is expanding for various reasons including restrictions on direct public investment, the increased demand for services for the elderly as the ageing population expands and stricter EU legislation.



In the frame: Private sector involvement includes provision of healthcare IT services

A wide range of private companies are involved including banks, private equity firms, various consultants, multinational corporations, multi-service firms and third sector and social enterprises.

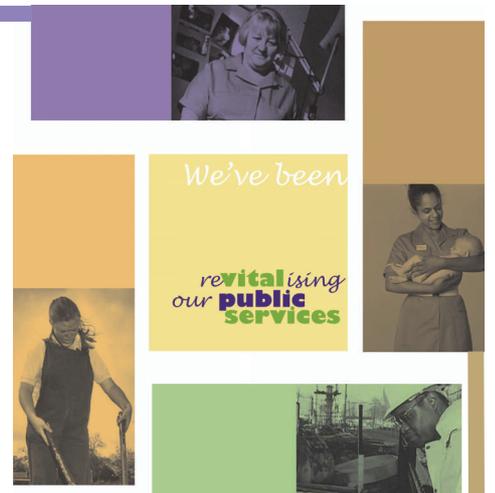
Gosling states that the industry has spent significant sums of money to create a "sympathetic environment for increased privatisation". He covers lobbying organisations such as the CBI Public Services Strategy Board, the PPP forum, the Business Services Association and the NHS Partners Network, who have built close relations with the government and the media. Companies also either sponsor think tanks directly or specific pieces of research to support their aims.

There is also a two-way exchange, ex-government ministers, their staff and senior civil servants being recruited as advisers by private companies and the industry seconding staff as advisers to government and civil services.

The report highlights a number of key concerns. UNISON Scotland's *Revitalise Public Services* campaign will continue to highlight these issues and fight to keep vital service delivery in the public sector.

KEY CONCERNS IN REPORT

- **Public service delivery markets are undergoing a process of consolidation, creating risks of market dominance and manipulation.**
- *Although promoted as a means of avoiding capital expenditure, private investment generates additional costs through higher ongoing fees and charges for services.*
- **Transaction costs generated by the complicated process of tendering, bidding, contracting and monitoring are substantial.**
- *Public services are generating high levels of profits for PPP consortia and private equity houses – often far beyond what might be regarded as "fair" returns on investment.*
- **Pressure to extract profits and pay dividends to shareholders can persuade contractors to prioritise cost-cutting at the expense of investment and service quality.**
- *Public service delivery contracts are inflexible and costly to alter, making it harder for services to respond to changing needs or revised policy priorities.*
- **Public bodies can be poor clients, not properly monitoring contracts – undermining public service accountability.**
- *The claimed advantage for PFI and PPP of risk transfer is entirely notional – contractor failure must ultimately be bailed out by the taxpayer, as major schemes cannot be allowed to fail.*
- **Reliance on debt finance by PFI, PPP and private equity investors has heightened the exposure of key services and the Treasury to economic risk resulting from the "credit crunch", at a time when government finances are under severe pressure.**



LOW PAY IN THE CARE SECTOR

Voluntary sector employers are putting pressure on the UK government to increase the amount of money it pays to organisations delivering public services. The Social Care Employers Consortium (Scec) claims there is a growing crisis in social care. Figures show that care assistants in the voluntary sector delivering public services earn at least £100 a week less than road sweepers. Six out of ten charities have to subsidise their government contracts from other income. Using data from Incomes Data Services (IDS) they show that the average weekly earnings of a care assistant in the voluntary



sector is £243 compared to £352 for a road sweeper. UNISON supports full cost recovery for voluntary organisations who take on government contracts. Outsourcing of services to the voluntary (or private sector) must not be allowed to push down wages or conditions.

North of Scotland shared services study contract goes to PPP firm

The contract for the North of Scotland Local Authorities Shared Services feasibility study has been awarded to Hedra, part of the Mouchel group.



The Mouchel group has a background in public private partnership involving provision of HR, IT, finance, property and catering services.

www.mouchel.com

UNISON is concerned about companies who hope to sell services to the public sector doing studies which suggest that the best way forward for public services is to go into partnership with private companies.

Branches whose employers are involved in the project should monitor the process closely and send any information to k.sillars@unison.co.uk

Single outcome guidance issued

Updated guidance on Single Outcome Agreements likely to impact on council budgets and UNISON branch members.

The Concordat between Scottish and local government is underpinned by Single Outcome Agreements (SOAs). These are what councils agree to do in return for funding from the Scottish Government. (See Revitalise Spring 08 issue <http://www.unison-scotland.org.uk/revitalise/revitalisespring08.pdf>). SOAs lay out strategic priorities for your council and the benchmarks to be used to judge success.

Individual 2008 SOAs are on the Improvement Service website at <http://www.improvementservice.org.uk/core-programmes/single-outcome-agreements/>. Updated guidance on SOAs is now available at this address to support the development of next year's agreements.

Branches are encouraged to continue to monitor their individual agreements and implications for budgets and members in their areas.

Glasgow Council plans new LLP

Plans by Glasgow City Council to hive off jobs from Direct and Care Services to a new Limited Liability Partnership (LLP) could involve more than 9000 workers, including cleaning and catering staff and school janitors.

Glasgow's DCS is one of the biggest in the UK. The Evening Times suggests that the move has been prompted by fears that council contracts may have to go out to tender

following a loss of £17million after the equal pay settlement.



Mike Kirby, Convenor for UNISON's Glasgow City Branch said: "UNISON has been in discussion with GCC on this proposal, and has consistently said that quality personal services like Home helps and Meals

on Wheels are best delivered directly by the council. However, we are aware – from a previous council report – that one of the main reasons for the review is the cost to the council of equal pay settlements. While jobs and pay will be protected in the short term, we are concerned that this will not last. These fears have been particularly fuelled by an Outline Business Case, which is very thin on financial details after the initial phase."

Performance management methods under review

New research by the Scottish Government aims to identify best practice in performance management methods.

The Government has published new research entitled *Organisational Performance Management in a Government Context: a Literature Review*.

The report aims to “review the literature on organisational performance management to identify best practice and then to consider ways in which this best practice can be applied in a central government context.”

In other words look at what every else is doing, collate it, find out what works and try to introduce it.

The report concludes that the methods used are becoming increasingly similar across the world with a focus on outcome, central strategic plan-



Find out what works, and try to introduce it ning and performance indicators.

The report also warns that performance management will only succeed if it is effectively implemented and is continuously responsive to internal and external challenges.

For those with trouble sleeping the report is available from <http://www.scotland.gov.uk/Publications/2008/08/25142353/0>

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Culture and Sport Glasgow

The trust running Glasgow's museums, libraries and sports and community centres has published its first annual report. Culture & Sport Glasgow claims to have saved Glasgow City Council £7.7m by:

- Exceeding budgeted income by £2.1m
 - Increasing average donations from 3p to 8p per visit
 - Increased staff numbers by 201
- UNISON is concerned by the lack of detail in the report. What are these savings? How they were achieved? Many of the new jobs duplicate functions previously provided by the city council and we question the cost effectiveness of creating this body.

MyJob Scotland

The new website for jobs in local government www.myjobscotland.gov.uk is up and running. All council jobs will be advertised on the site. Once you have applied for a post your details are saved for future applications. Councils hope to save money by cutting back on press adverts. Newspapers complain that they need this income — public sector spending is vital to Scotland's private sector.

New Qualification

The Improvement Service has launched Customer Service Professional (CSP) qualifications for staff defined as customer-facing. Training involves online learning and assessment. Qualification will be awarded at Certificate and Diploma standard.

Efficient Government

The Efficient Government target of 2% efficiency savings across the public sector has been exceeded. The target set by the previous Scottish Executive and carried on by the new Government was £1.5 billion. The final out-turn report shows savings of £1.7 billion. Finance Secretary John Swinney wants a further 2% saving over the next three years. The Scottish CBI followed up with its usual demand for the private sector to take a bigger share of public sector delivery.

Customer satisfaction and local government: the evidence



The Improvement Service and Consumer Focus Scotland have published new research as part of their work to improve customer satisfaction with local government in Scotland.

The report has the snappy title: *Improving the understanding of customer satisfaction and experience in Scottish local government: Towards a collaborative and common approach*.

The research project looked at the need and appetite for a common

approach to customer satisfaction in local government. The team was working with stakeholders across local authorities, Scottish Government and scrutiny bodies and is now looking at how to take the process forward.

A full report is available from the *improvement service* or Consumer focus Scotland: <http://www.improvementservice.org.uk/news/news-across-scotland/councils-need-to-work-together-to-put-customers-first.html>

UNISON believes that Scottish people are citizens with rights rather than passive consumers of public services.

BT contract under investigation

The European Commission has started an inquiry into the awarding of a £30 million contract to provide a telephone network to the NHS in Scotland.



The contract, which went to BT, is to provide all telephone lines, call exchanges and maintenance for all 14 health boards.

After BT was awarded the contract one of the other unsuccessful bidders made a complaint about the process. The whole contract may now be put on hold. The implications for NHS boards' phone services are not currently clear.

Data Security

Scotland's health boards are to be given £1 million to tighten up IT security. There is now a new benchmark standard that requires mobile devices to encrypt data to a common standard.

Complaints body of evidence

The Scottish Public Affairs Ombudsmen (SPA) has received over 4,000 complaints about public bodies, according to its recently published annual report. It identifies breakdown of trust between user and provider as a common theme of complaints.

Persistent problems include complaints about lack of dignity, complaints about planning and treatment of vulnerable patients.

The report also states that there is evidence of "a shift in culture within the whole range of organisations that deliver public services, with complaints increasingly seen as a positive opportunity to learn from the public about their experiences as users of services and to drive up improvements".

Public Contracts Scotland open for business

Public Contracts Scotland was launched at the end of October by Finance Secretary John Swinney. The website gives suppliers access to information on opportunities to tender for public sector contracts in Scotland. Public sector contracts are worth £8 billion.

The site offers free information on which contracts are available and an email alerts system. Public bodies can set up buyer profiles that suppliers can use as a quick reference point for contact details and current and past tendering opportunities.



The site also allows pre-qualifications questionnaires and other tender documents alongside tender adverts.

Suppliers can also register their interest in a bid. Ten thousand suppliers have already registered. The portal is available at:

<http://www.publiccontractsscotland.gov.uk/>

Scottish Police Services Authority gets Strathclyde top cop on board



Stephen House

Chief Constable Stephen House has been appointed to the board of the Police Services Authority (SPSA).

Stephen House served as Assistant Commissioner in the Metropolitan Police before being appointed Chief Constable of Strathclyde Police in 2007.

The SPSA launched on April 1, 2007 as a non-departmental public body. It has an

independent convener (currently vacant) and a Board comprising representatives of Scotland's police forces, police boards and independent members.

SPSA provides a range of service to Scottish police forces, including training, information and communication technology and forensic services. It has 1,700 staff and an annual budget of £83.6 million.