



UNISON, GMB and FBU

London Fire Authority

November 2011.

Privatisation of London's Fire Service Training

In June 2010 the London Fire and Emergency Planning Authority commenced a procurement process for a 25-year PPP contract for the provision of operational fire fighting skills training and personal skills training for operational and support staff. This briefing is in response to the Authority's public version of a report to recommend outsourcing at its November 2011 meeting.

The Trade Unions published an analysis of the procurement process, *Privatisation of London's Fire Service Training and Control Centre*, in October 2011 that was highly critical of the outsourcing proposals.

LFEPA Future Options for Training report

The trade unions have been presented with a report at the conclusion of the procurement process for the Future Options for Training which:

- **Conflates the options appraisal, the business case and the evaluation of bids into one process.**
- **Uses a 'business as usual' option, which was irrelevant.**
- **Fails to make any reference to the two bids submitted by private contractors and is hiding behind a false claim of 'commercial confidentiality'.**
- **Fails to evaluate the in-house improved training and capital investment option with the two external bids. The document merely evaluates training objectives.**
- **Fails all government standards of transparency and disclosure - only the names of the bidders are known.**

The document is designed to conceal what should be public information and matters of public interest. A degree of confidentiality is essential for both public and private proposals, but the blanket application of 'commercial confidentiality' only raises questions about what is being concealed. The failure to produce a redacted assessment of the evaluation of the in-house proposal and external bids indicates an attempt to conceal matters of public policy.

The options appraisal component of in the LFEPA November 2011 FOFT report should have been undertaken and disclosed to staff and trade unions two years ago when the objectives were agreed (FEP 1293, July 2009). The process should have consisted of distinct, but overlapping processes:

- Options appraisal (if improvement of in-house provision in question)
- Outline Business Case
- Procurement
- Contract Award (or retain improved in-house provision)
- Final Business Case (if contract awarded)

Evaluation of the in-house improved training provision and capital investment option with external bids

The Authority informed trade unions at a recent joint Authority meeting:

“Advised that the in-house option involved the same aims as the bidders in developing a local training model of where training will be delivered, investing on significant training facilities and new technologies and finding a suitable property” (13 September 2011).

So why has a redacted version of the evaluation of the three options not been made public?

There is no evidence that the Authority has fully examined all the options on an equal basis, therefore all the key components of the Business Case – benefits and economic appraisals and the sensitivity analysis - are almost certainly flawed. Members are being asked make an important decision on inadequate assessment of options, which in turn raises key questions about whether value for money will be obtained.

Key questions for LFEPA:

- The in-house and outsource options received similar marks in the assessment of training objectives, but what how does the in-house capital investment option compare with the two external bids?
- Are all three options comparable in the scale of capital investment?
- What is the cost of capital investment in the outsourcing option that will be borne by LFEPA?
- What were the financial and operational risks that the Authority took into account?
- What is the difference in affordability between the in-house option and the two bids?

‘Business as usual’ was never an option

The Authority agreed it had to examine options:

“In order to recommend an option for the future delivery of training it is essential that an assessment of the business as usual option, the capital investment option and the outsource option be made against the project objectives detailed below. Members agreed these in FEP 1393 (July 2009)”. This report or the minutes of the LFEPA meeting made no reference to a ‘business as usual’ option.

Trade unions suspected that an in-house option could be used as a comparator but were reassured by senior management at a series of Authority Joint Committee Meetings that: *Existing in-house solution - remain the same and only enhance current provisions. This is not a viable option*" (5 May 2011).

The LFEPA November 2011 report contains an assessment of "project objectives". The assessment of eight project objectives was based on a rating of 0-4, ranging from 'fails to meet the requirement' to 'meets the requirement demonstrating improvement, and displaying creativity and innovation'.

The outsourcing option had a perfect score in all eight objectives! It had 32 points. The 'business as usual' option scores zero in two important objectives - an increased amount of training to be delivered on a local basis and the provision of improved facilities. This is further evidence that a status quo option was implausible, ineffective and not credible.

The LFEPA November 2011 report states: *"The business as usual option is based on the premise that training will continue to be delivered in facilities which are not fit for purpose. Whilst this option would not deliver the preferred training delivery model described in paragraph 19 it has been included as a comparator in the business case"* (para 31). A comparator that is irrelevant and has no value because it:

- fails to take account of financial, economic, social and technological change;
- is a standstill position that should not be applicable in public services;
- lacks innovation;
- fails to address any current shortcomings;
- has a negative effect on staff morale.

Further action

The LFEPA should:

- 1. Delay a decision on the award of a contract until a full and comprehensive evaluation of the in-house capital investment option and the two external bids have been fully assessed and scrutinised. It is imperative that the financial and operational implications of each option/bid are fully identified and assessed before the Authority signs a 25-year contract. The evaluation of bids/options appears to have been carried out very quickly. This usually leads to omissions and mistakes that cannot be rectified once a contract is awarded and signed.**
- 2. Disclose the methods and costs of LFEPA contract management, monitoring and governance arrangements for this contract.**
- 3. Release a redacted version of the evaluation of the in-house capital investment option with the external bids to the trade unions.**
- 4. Make a commitment to transparency in all future procurement processes, in particular the Fire Control project.**
- 5. Engage staff and trade unions in all future transformation and procurement processes.**

References

HM Treasury (2003) The Green Book: Appraisal and Evaluation in Central Government, London, http://www.hm-treasury.gov.uk/d/green_book_complete.pdf

London Fire and Emergency Planning Authority (2011) Future Options for Training, Report to Finance and Personnel Committee, 14 November and to Authority, 24 November, London.



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Strategy Unit**

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Dexter Whitfield, Director

Adjunct Associate Professor, Australian Institute for Social Research, University of Adelaide

Mobile +44 (0)777 6370884

Tel. +353 (0)66 7130225

Email: dexter.whitfield@gmail.com

Web: www.european-services-strategy.org.uk



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