

What Frontline Staff Say about Strategic Service-Delivery Partnerships

A Survey for UNISON

CENTRE *for* **PUBLIC SERVICES**

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1. Background and Introduction

Introduction

A Strategic Service Delivery Partnership (SSP)¹ is a long-term (usually ten year) multi-service, multi-million pound contract between a local authority, or other public body, and a private partner. They affect a large number of staff who will either be transferred to a private contractor or seconded to a Joint Venture Company (JVC). In theory, an SSP involves the council and the contractor 'working closely together' and 'planning' future business strategy as equals. Bedfordshire, Cumbria, Liverpool, Middlesbrough, Lincolnshire, Southwark, Blackburn, West Berkshire, Edinburgh, Essex, Westminster, Barnsley and Redcar and Cleveland Local Authorities have all begun SSP contracts and Northamptonshire and Milton Keynes have a preferred bidder. Other authorities are looking at their procurement options.

Great claims are made about the potential for SSPs to revolutionise service delivery and in doing so, advance the government's modernisation agenda of reform for public services. This report highlights these claims and then tests them against evidence gathered from frontline staff in five of the first wave of SSPs.

However, a series of surveys in five of the first wave of SSPs in 2002/03 has revealed that the optimistic claims made by government, advocates of privatisation and the private partners are not shared by frontline staff, who have so often paid the price of privatisation, spending cuts, efficiency drives and 'modernisation'. Staff suggested that despite the promises of the companies taking over council services, they feel less secure and satisfied in their jobs and have less training and career development opportunities after the transfer than prior to it. In direct contravention of stated government policy, they are also left out of decisions taken about the re-organisation of their work. Finally, and most damning of all, they also suggest that service quality – supposedly the key driver of the government's modernisation agenda – had actually declined since the transfer of the services to the private sector.

¹ This is different to a Local Strategic Partnership which is a city or area-wide body to promote and co-ordinate regeneration projects.

The Case Study Partnerships

The research was based on surveys in five SSP case studies. Details of these are set out in Table 1 below.

Table 1: The Case Study Partnerships

Local Authority	Partner	Length	Total Value (£)	No of Staff	No of survey respondents (% of distribution)	Services Included
Blackburn with Darwen Council	Capita	15	205m	470	128 (27%)	Payroll; Revenues and Benefits; Finance; ICT; Property; Highways; Educational support; Civil engineering consultancy; Architecture.
Lincolnshire County Council	Hyder Business Services	10	250m	1088	159 (13.5%)	Finance; ICT; Property; Personnel; Catering.
Liverpool City Council	BT Ignite	10	300m	850+ Secondes	76 (9.5%)	ICT; Revenues and Benefits; HR; Payroll.
Middlesbrough Borough Council	Hyder Business Services	10	250m	1045	47 (17%)*	Finance; ICT; HR; Legal; Local Democracy Unit; Business Management; Corporate Resource Unit; Communications; Environment; Transport services; Education and Support service; Housing; Social Services; Economic Regeneration.
London Borough of Southwark	WS Atkins	5	150m	312	33 (11%)	Educational support services (LEA Strategic Partnership).

* Distribution in Middlesbrough was significantly lower than the total number of staff who transferred because UNISON is a minority trade union in this workforce.

The Southwark contract attracted media attention recently, when it was announced in April that the strategic partner (Atkins) would be withdrawing from the contract by mutual consent. A subsequent row erupted over who was to carry the considerable costs of terminating the contract (legal and consultancy fees). Eventually the Department for Education and Skills agreed to pay the majority of the costs. Under pressure from the government, the Council has appointed the Office for Public Management to run the LEA for an interim period of a year and a consultant to scope options beyond that. It is believed that the council currently favour some sort of Trust model, similar to that in Hackney which also has implications for staff and service users. Staff who transferred to Atkins are now TUPE transferring back to the Council, pending a decision over the long-term future of the service.

The Liverpool contract for a Joint Venture Company (JVC) with BT is slightly different to the others, as staff working on the contract have not been transferred to BT but are seconded from Liverpool City Council to the JVC. As such, the survey research conducted there was tailored to issues of consultation, change management, training and service quality rather than the two-tier workforce.

Methodology

Staff were surveyed in each of the case study authorities. Survey questions were drawn from a central pool of common issues: the two-tier workforce, job satisfaction, security, consultation, training, health and safety, equal opportunities and service quality. These were augmented by a series of additional questions drawn up in consultation with each local UNISON branch. Survey forms were then distributed via the UNISON branch along with pre-paid envelopes for direct return to the Centre for Public Services. It was a condition of the surveys that no individual respondents would be identified and, as such, analysis and material drawn from these surveys has been arranged in such a way as to protect respondents' identities. Completed forms were subjected to both qualitative and quantitative analysis and have been presented to UNISON Local Government and to the relevant UNISON branches.

The Two-Tier Workforce

The debate about the privatisation of public services, particularly in health, education and local government, has been dominated by arguments about the creation of a so called 'two-tier workforce'. The phrase describes the situation where jobs which used to be part of the public sector are transferred to private sector employers. In simple terms, those workers who transfer from the public sector have limited protection for their jobs, pay and terms and conditions under the Transfer of Undertakings Protection of Employees (TUPE) regulations, while those who commence employment after the transfer do not. New starters are thus often offered lower pay, terms and conditions than their transferred colleagues. This is the 'two-tier' workforce. However, our research has shown that there are very often three or more tiers operating within an employer which takes on public sector contracts:

- The third tier usually arises out of transferred staff being offered different terms and conditions as they are promoted. Often this involves a trade-off between pay and other conditions as employees accept a pay rise but give up part of their holiday, sick pay and other entitlements.
- This situation can become more complicated through the use of 'spot' contracts where rates of pay and terms and conditions of employment are individualised rather than being organised through collective agreement. There have been cases where staff have been encouraged not to speak to their colleagues about their pay and conditions. In some cases staff have even believed that this is a serious disciplinary offence.
- Further tiers can arise where contractors take on more than one contract which used to be operated by the public sector. These may involve the transfer of staff from a range of employers in the same sector, for instance local government, but equally may also involve other sectors and public bodies. In each case, those staff that transfer will bring with them a range of protected terms and conditions from their previous employer. Again, new starters are not covered.

- Finally, the subject of this research was Strategic Service Delivery Partnerships in local government. Explicit from the start in many of the contracts covered was that the private partner would attempt to 'win' a range of other contracts, such as payroll or human resources administration, from clients other than their initial local government 'partner'. These clients could be in the public or private sphere and in some cases would/will involve a transfer of staff. Again, this could result in further tiers of contracts and terms and conditions.

As a result of this, perhaps 'multi-tiered' workforces would be a more accurate description than 'two-tier'.

These many different tiers of contracts and terms and conditions are obviously difficult to operate for private sector contractors and, over time, the contractor will often attempt to 'harmonise' the terms and conditions between the different sections of the workforce. In some cases this happens 'naturally' through transferred staff leaving and being replaced by new starters, but it can also be orchestrated by the employer through:

- Individual or small groups of transferred staff being offered a short-term incentive to relinquish their protected public sector terms and conditions. For instance, staff who are promoted often can only accept promotion if they agree to transfer to less favourable terms and conditions such as holiday or sick entitlement.
- A negotiated (or imposed) agreement between staff and their employer to 'harmonise' the different sets of terms and conditions.

The Two Tier Workforce and the New Best Value Code of Practice on Workforce Matters

UNISON has led the campaign to combat the two-tier workforce and the erosion of terms and conditions for staff transferred to contractors. We are still campaigning for fair wages and fair employment legislation to ensure that all employees working on local and police authority contracts receive local authority National Joint Council (NJC), Scottish Joint Council (SJC) or Police Support Staff Council (PSSC) pay and terms and conditions of employment.

A major step forward towards fair wages and fair employment legislation has been the Best Value Code of Practice on Workforce Matters and the Best Value Performance Improvement Circular (03/2003). This was introduced by the Government to deal with the two-tier workforce and to provide greater protection of the terms and conditions for staff transferred from local authorities in England and police authorities in England and Wales to private and voluntary sector contractors.

In Scotland, the Scottish Executive and the Scottish Trade Union Congress (STUC) have agreed a protocol on Public Private Partnerships similar to the Best Value Code of Practice. It is aimed at eliminating the two-tier workforce and ensuring consistency of good practice in the handling of employee transfers under PPPs.

The PPP protocol provides for new starters working alongside transferred staff to be on terms and conditions that are "no less favourable" overall than transferred employees. This applies to **all** public sector bodies, the STUC are seeking to apply the protocol to all forms of contracting out not just PPPs.

A Code of Practice on Workforce Matters similar to the English Code also applied to all local authorities in Wales from 2 April 2003. It was published as an annex to the Welsh Programme for Improvement. The Welsh Assembly is considering extending the Code to all the public sector.

Following UNISON's campaign to tackle the two-tier workforce, the Government has introduced a statutory Best Value Code of Practice. All Best Value authorities in England and Police and Fire authorities in England and Wales are required to apply the Best Value Code of Practice when contracting out services. The Code applies to all forms of contracting out. It also applies to re-tendered contracts. This is what it says:

Fair terms and conditions for new staff

Under the Code, authorities have to ensure that contractors employ new staff working alongside transferred staff, on authority contracts on "fair and reasonable terms and conditions which are **overall no less favourable** than those of transferred employees."

Pensions

Contractors must also offer new recruits one of the following occupational pensions:

- The local government pension scheme (LGPS).
- A good quality pension scheme - either a contracted out final salary based defined benefit scheme, or a defined contribution scheme.
- For defined contribution schemes the employer must match employee contributions up to 6%.
- A stakeholder pension scheme, where the employer must match employee contributions up to 6%.

Transferred staff

The Local Government Act 2003 has made the Cabinet Office Statement of Practice on Staff Transfers in the Public Sector and its annex, A Fair Deal for Staff Pensions, legally binding. This says that even if TUPE does not apply by law, transferred employees must be treated as if TUPE does apply. So transferred employees will keep their terms and conditions when they are transferred to a contractor even if TUPE legally doesn't apply. They will also have the right to either the LGPS or a "broadly comparable pension" scheme approved by the Government's Actuary Department (GAD). Authorities must also ensure that contractors make arrangements for handling the accrued benefits which staff have already earned. (UNISON, July 2003).

UNISON has produced a guide on how to use the Code of Practice on Workforce Matters for branch activists and stewards entitled **UNISON GUIDE TO THE BEST VALUE CODE OF PRACTICE ON WORKFORCE MATTERS IN LOCAL/POLICE AUTHORITY SERVICE CONTRACTS IN ENGLAND**. The stock number is 2239 and it is available by phoning 08701 555568. It is also available on UNISON's website: www.unison.org.uk <<http://www.unison.org.uk>>.

2. Summary Findings

What the Frontline Staff Say About SSPs

The implementation of privatisation is a controversial issue, not only because of its political implications but also because of the effect that it often has on the everyday working lives of frontline staff. Too often the people at the heart of our public services have carried the burden of cost cutting, efficiency drives and de-investment in the public sector infrastructure. As such, UNISON felt that it was important to give a voice to those staff at the sharp end of SSPs and it was decided to survey staff in a number of SSP case studies.

UNISON found a very different picture to that which is often painted of SSPs.

Two-Tier / Multi-Tier Workforces

The survey revealed not just the existence of a two-tier workforce but also multi-tier workforces in two of the four case studies which returned sufficient information to judge this. The issue was not relevant to the partnership between Liverpool City Council and BT where staff are seconded to the JVC.

Where the evidence was sufficient to judge the issue, the survey findings revealed at least three identifiable staff groups with different pay and terms and conditions of employment:

- Transferred staff with retained terms and conditions.
- Transferred staff who have taken the companies' terms and conditions.
- New starters.

The two-tier workforce usually applies to the different pay and terms and conditions which apply to the first and last of these: transferred staff with retained (protected) terms and conditions and new starters. The survey found that there was as much as a 38% gap in pay between these two groups, although at least some of this can be explained through pay progression and promotion that occurs in any organisation.

What was surprising though is that the position of the second group of staff differed between the two authorities. In Blackburn this group of staff had a higher average pay rate than transferred staff with retained conditions, while in Lincolnshire the reverse was true. This can be explained in one of two ways:

- Higher rates of pay for the second staff group can be the result of these staff accepting promotion and pay rises in return for relinquishing other favourable terms and conditions such as holiday pay and sick pay entitlement.
- Lower rates of pay for the second staff group can be explained by this group of staff not having access to incremental pay progression and nationally negotiated pay rises through the NJC. Instead, this group of staff may receive pay progression via performance review which is much more common in the private sector.

In addition, through discussions with the UNISON branches it was revealed that in some cases these three staff groups may be the 'tip of the ice berg'. In Lincolnshire, the branch suggested that HBS offered staff contracts of employment with individualised terms and conditions and

rates of pay, a practice known as individual 'spot' contracts. In Blackburn, UNISON stewards and staff spoke of the increasing prevalence of agency staff who are able to exploit the often desperate need for additional staff (in the context of falling staff levels – see below) and who often earn much more than their permanent counterparts, albeit with a significant trade-off in terms of job security and other benefits. Of course, in other settings agency staff are not quite so fortunate. Staff in Blackburn also suggested that they were 'encouraged' not to speak to one another about their rates of pay.

Job Security and Satisfaction

Respondents to the survey across the five SSPs generally felt less secure and less satisfied with their jobs after transfer than they had before. Although precise details of pay and terms and conditions proved hard to collect in sufficient quantity, what evidence was available pointed to the existence of a multi-tiered workforce. Some staff voiced concerns that the companies were attempting to move staff from their TUPE protected contracts to their own less favourable contracts.

Training and Career development

The claims made by the companies and advocates of SSPs about enhanced career development and training opportunities after transfer were rejected by staff. In Lincolnshire and Middlesbrough, where HBS made great play of this issue when bidding for the contracts, 74% and 83% of respondents respectively said that they did not now have better career development opportunities. This finding is confirmed in the case of Middlesbrough by the recent Best Value Inspection report which states:

“Organisational development for the whole Council will depend on an effective HR strategy, which is not yet in place. HBS has developed an 'HR strategy' for the Council but this is a statement of intent rather than a strategy and is not sufficient to achieve organisational development and improvement. There is currently no corporate training budget, and analysis of skills gaps and training needs is acknowledged by both the Council and by HBS to be weak. The Council is currently considering how it can best obtain strategic HR advice.” (Audit Commission, January 2003).

Access to training also appeared to be minimal, with 35% of respondents across the five case studies saying that they had received no training at all or less than a day of training from their company. Overall, 62% said that they did not receive adequate training from the relevant company.

Consultation

When asked about their involvement in, and consultation about, changes to working practices and the organisation of their department, staff were also dismissive of the claims made. Over the five case studies 62% said that they were not consulted over the re-organisation of their department and 64% were not consulted about changes to their working practices. In addition, many staff said that the consultation that had taken place was simply 'information giving' rather than an attempt to involve them in the decision making process or to seek their views.

Service Quality

Staff were also asked about service quality. Well over half of those that transferred from the local authority said that service quality was now worse. Only 13% of all respondents in the five case studies thought that service quality had improved since the beginning of the contract. This is a major rejection of the claims made about the central purpose of SSPs. In particular, survey respondents in Liverpool rejected the claims made by the ODPM's Strategic Partnering Taskforce that:

“staff seem quite happy with new arrangements and are pleased at the better working conditions and the better service they are now able to offer the public” (ODPM, September 2002).

In fact, survey respondents from Liverpool who thought that service quality had declined outnumbered those that thought it had improved by more than two to one.

In the case of Southwark and Middlesbrough, and to a lesser extent Lincolnshire, this is something that is on record elsewhere. In Southwark, Atkins failed to meet seven out of nine of its key performance indicators. Pupil attainment figures show the Borough to be one of the worst performing in the country and that performance has declined in comparison to the national average, other London Boroughs and other similar education authorities during the time that the firm was responsible for education services (UNISON, December 2002). This was a major cause of the early termination of the contract and Atkins' withdrawal.

In Middlesbrough, the recent Best Value Inspection revealed a number of areas of concern including performance management, staff training and development, human resources strategy, job creation, IT and the implementation of SAP (an of-the-shelf IT package) (Audit Commission, January 2003).

In Lincolnshire, there has been concern, raised in papers to the Finance and Resources Committee (now Policy and Resources Committee), over the implementation of SAP, finance and human resources (UNSION, August 2002; Lincolnshire CC Treasurer, 12 September 2001; 1 February 2002; 26 April 2002).

3. Detailed Findings

Evidence of a Two-/Multi-Tier Workforce in the Case Study SSPs

The surveys carried out in the case study SSPs were aimed at uncovering the dynamics of a 'multi-tiered' workforce. One problem with this approach is that the information is naturally sensitive and, in some cases (i.e. sick/maternity pay entitlement), complicated. As a result, the quality of information received on multi-tiered workforces was not as detailed as for other areas of the survey. Nevertheless, the research did demonstrate that a multi-tiered workforce existed in at least two of the four case studies where this was possible (the Liverpool partnership with BT is through a Joint Venture Company where staff retain their employment with the local authority).

Table 3: Multi-Tiered Pay in the HBS partnership with Lincolnshire CC and Capita partnership with Blackburn with Darwen

Lincolnshire CC / HBS			
	Transferred with retained conditions	Transferred with HBS conditions	New starters
Mean Average Hourly Pay	£10.91	£9.43	£7.90
No of Staff Based On	107	17	29
Blackburn with Darwen / Capita			
	Transferred with retained conditions	Transferred with Capita conditions	New starters
Mean Average Hourly Pay ²	£9.92	£11.24	£8.36
No of Staff Based On	73	16	19

The difference in pay for these three staff groups may be explained by a number of factors. In both case studies there was a clear difference between the pay of transferred staff and new starters, which may indicate less preferential rates of pay for new starters. However, any conclusion to be drawn from this needs to bear in mind that a pay gap would have existed between new and experienced staff even if the transfer had not taken place, as a result of incremental pay progression. Nevertheless, respondents' qualitative comments and discussions with the UNISON branches confirmed that new starters are offered worse pay in a way suggestive of a two-/multi-tier workforce.

² Respondents from the Blackburn partnership with Capita indicated annual salary rather than hourly pay. Hourly pay was calculated by the following method: Average hourly rate of pay = sum of all hourly rate of pay (annual salary ÷ 52 weeks ÷ hours worked per week) ÷ no of workers in staff group responding to both questions.

The table shows that in Lincolnshire, transferred staff with retained conditions earned more than those with HBS conditions, while in Blackburn the situation was reversed with those with retained conditions earning less than those who had taken Capita conditions. This may be explained in a number of ways:

- Higher rates of pay for those who transfer and then take the company's own terms and conditions often result from a small pay rise in return for cutting other terms and conditions such as holiday, sick pay entitlement and of course further incremental progression through NJC pay scales and nationally agreed annual pay rises.
- Lower rates of pay for those who transfer and then take the company's own terms and conditions may result from those with retained terms and conditions receiving more favourable nationally negotiated pay rises as well as incremental pay progression rather than performance related pay rises, which are much more common in the private sector.

The two or multi-tiered workforce is not just about pay, though. As is suggested above, other aspects of terms and conditions often also vary for the different staff groups.

Table 4: Multi-Tiered Terms and Conditions in the HBS partnership with Lincolnshire CC and Capita partnership with Blackburn with Darwen

Lincolnshire CC Partnership with HBS			
	Transferred with retained conditions	Transferred with HBS conditions	New starters
Full Time Working Week	37 hours	37 hours	37 hours
No (Proportion of) Respondent Staff Group Working Part Time	22 (20.6%)	2 (11.8%)	8 (27.6%)
Full Time Holiday Entitlement ³ (no of respondents based upon)	30.33 days (79)	25.21 days (14)	24.8 days (20)
Pensions	LGPS: 11 (10.3%) HBS: 86 (80.4%) None: 3 (2.8%)	LGPS: 1 (5.9%) HBS: 13 (76.5%) None: 2 (11.8%)	LGPS: 2 (6.9%) HBS: 14 (48.3%) None: 12 (41.4%)

³ The full time holiday entitlement was adjusted from a calculation of mean average holiday entitlement in the following ways. For the transferred with retained conditions staff group it was assumed from the average and from individual respondents' answers that this staff group received holiday entitlement according to the NJC (Green Book) minimum standard terms and conditions: 20 days per year plus 5 additional days after 5 years continual service plus two days extra statutory days

Blackburn Partnership with Capita			
	Transferred with retained conditions	Transferred with Capita conditions	New starters
Full time Working week	36.25 (36.25 for people who started before April 1998 and 37 after)	37.5	37.5
Holiday Entitlement*	32 (27 before five years service and 32 after for people who started before April 1998 and 25/30 days after April 1998)	25	22-25
Sick Pay Entitlement*	year 1: 1 month full pay / 2 months half pay, Year 2: 2 months full pay / 2 months half pay, Year 3: 4 Months full pay / 4 months half pay, Year 4: 5 months full pay / 5 months half pay, Year 5+: 6 months full pay / 6 months half pay.	up to 6 months: SSP only, year 1 and 2: 1 month full / 1 month half pay, Years 3 – 5: 3 months full / 3 months half pay, 5 years+: 6 months full pay / 6 months half pay.	up to 6 months: SSP only, year 1 and 2: 1 month full / 1 month half pay, Years 3 – 5: 3 months full / 3 months half pay, 5 years+: 6 months full pay / 6 months half pay.
Pensions	LGPS: 80 (96.4%)	LGPS: 15 (88.2%)	LGPS: 0 (0%)
No of staff with ...	Capita: 2 (2.4%)	Capita: 1 (5.9%)	Capita: 4 (23.5%)
(% of respondent staff group)	None: 0 (0%)	None: 1 (5.9%)	None: 12 (70.6%)

* based on UNISON branch records rather than survey data which was inconsistent, except for new starters holiday entitlement data which is survey based.

Added to this quantitative data was a wealth of qualitative comments made by respondents which highlight the reality of transferring to the private sector and the changes to working conditions that accompanies it:

“They have tried to chip away at our conditions – staff leaving are not being replaced, there is no effective communication with our immediate line managers and in the rush to pursue business, [the contractor] has never sorted out the problems in maintaining our core services.”

Some respondents also commented that they were experiencing pressure to be part of the harmonisation of contracts:

“Our service is currently under review – less jobs in the offing and we will all be asked to re-apply for [our] positions and have to take [the contractor’s] contracts with different terms and conditions.”

“I feel that [the contractor] are constantly trying to get employees onto their contracts and am growing more concerned that the TUPE transfer is not worth the paper it is written on.”

Job Security

Across all the case study authorities, a majority of respondents said that their jobs were now less secure than they were as local authority employees. This response was particularly marked in Middlesbrough, where more than 80% of transferred respondents said that their job was now less secure than it had been with the council, and in Southwark where nearly 68% said they were now less secure.

Table 5: Transferred Staff - In your view, compared with the council is your job now more, the same or less secure?

	Lincolnshire	Blackburn	Middlesbrough	Southwark
Less	52.7%	54.8%	81.6%	67.9%
Same	41.1%	41.3%	14.3%	25%
More	4.7%	3.8%	4.1%	7.1%
No answer	1.5%	0%	0%	0%
Total	100%	99.9%	100%	100%

Respondents' qualitative comments revealed that one important element in explaining declining job security is that private contractors taking over public services often have a reputation for reducing the workforce, effectively cutting staff costs to produce a profit:

"After many years working for the Council, it is unfortunate that [the contractor] does not have loyalty to staff, demotivation of staff by reducing numbers and displacing many key members is resulting in a very insecure workforce."

"Constant financial pressure puts staff under continual stress. Vacant posts are not being filled due to lack of money."

Job Satisfaction

The results of the survey showed that there was a majority of respondents across each of the case study authorities who felt that they were now less satisfied with their job than they were prior to the transfer. Again, this was most pronounced in Middlesbrough and Southwark, where 77% and 75% respectively were now less satisfied than previously.

Respondents' qualitative comments also show that the extent to which the impact of transfer to these private firms has had on the quality of employment of individual members of staff:

"Working for [the contractor] has been awful,"... "I feel insecure, unstable and very disenchanted since joining [the contractor]."

"People now feel they are a very small cog in a very large organisation and cannot see what difference they make."... "Extremely strict regime" "[they] treat us like robots, not human beings, no flexibility, uncaring."

"I have never worked for a company that treats its staff like 15 year old office juniors. The management style is authoritarian ... staff morale is at an unbearable low. I feel as if all my good work has been taken back in time [by] 20 years. All our vision and values have been reduced," "they are only interested in profits, not staff."

Table 6: Transferred staff - In your view, compared with the council, are you less, the same or more satisfied with your job?

	Lincolnshire	Blackburn	Middlesbrough	Southwark
Less	54.3%	56%	77.1%	75%
Same	34.9%	29%	14.6%	14.3%
More	8.5%	15%	8.3%	7.1%
No answer	2.3%	0%	0%	0%
Total	100%	100%	100%	100%

Training and Career Development

Respondents across all the case study authorities did not support the companies' claims to provide enhanced training and career development opportunities. The highest proportion of transferred staff who did not believe that they have better career development opportunities with their company than the authority was in Middlesbrough, 83%. The lowest proportion of transferred staff who did not believe that they have better career development opportunities with their company was in Liverpool with a majority of 64% of respondents.

Table 7: Transferred Staff - In your view, do you now have better career development opportunities than you did with the Local Authority?

	Lincolnshire	Blackburn	Middlesbrough	Southwark	Liverpool JVC
Yes	16.3%	31%	16.7%	12%	21.1%
No	73.6%	66.7%	83.3%	68%	64.5%
No answer	10.1%	2.3%	0%	20%	14.5%
Total	100%	100%	100%	100%	100.1%

"[The contractor] promised enhanced training opportunities, they did not materialise."

"No prospects of promotion, no response from management, do not see anyone unless there are problems."

When asked about the quality and quantity of training they receive, respondents were also scathing, although relatively large proportion of respondents did not answer the question. In all the case studies there was a majority who said that they did not feel that they received adequate training from the company. This was particularly so in Liverpool, where nearly 70% of respondents indicated that they felt this way despite this being the only case study where employment was retained in the authority. This reflects the low amount of staff training provided by English local authorities which provide an average of 1.6 days training annually for each employee.

Table 8: Do you feel that you receive adequate training from the company?

	Lincolnshire	Blackburn	Middlesbrough	Southwark	Liverpool	JVC
Yes	32.1%	31.5%	27.5%	32.4%		27.6%
No	62.2%	58.5%	58.8%	61.8%		69.7%
No answer	5.7%	10%	13.7%	5.8%		2.6%
Total	100%	100%	100%	100%		100%

“Almost all training has been abandoned [because of a] lack of budget for [the contractor’s] employees.”

“It [training] seems to be given as a privilege, not necessarily for staff development. Managers seem to get more.”

“Its atrocious, especially as the work is complex, you are expected to get on with it and pick things up as you go along.”

Given that one of the main themes in SSPs is the substantial re-engineering of back office processes and the introduction of new information technology systems, it might be expected that staff would be trained extensively to allow the smooth transition between old and new systems and processes. However, in no case study had more than 18% of respondents received five or more days of training. The largest respondent group in all case studies reported that they had either had less than a day or no training at all. Again there were a large number of no answers, particularly for Southwark and Middlesbrough which may mean either that respondents did not know, that they were not concerned enough to make a response or even another way of expressing that no training had been received.

“I lack the training in the job – lack the guidance, need to use my own initiative, sometimes I may be wrong.”

“Due to inadequate training, I now find myself in a position where I am not doing my job to the best of my ability.”

“Have requested training, nothing materialised!! Therefore unable to carry out the simplest of tasks, causing dissatisfaction amongst clients and huge wastage of resources by use of contracts.”

Table 9: How much training has the company provided you with?

	Lincolnshire	Blackburn	Middlesbrough	Southwark	Liverpool	JVC
None/less than a day	29.5%	38.4%	50.9%	29.4%		30.3%
1 - 3 days	35.2%	34.6%	25.5%	29.4%		32.9%
3 - 5 days	19.5%	7.7%	0%	17.6%		18.4%
More than 5 days	12.6%	13.8%	13.7%	5.9%		17.1%
No answer	3.1%	5.4%	9.9%	17.6%		1.3%
Total	99.9%	99.9%	100%	99.9%		100%

While this appears to be a damning indictment of the companies involved, respondents did not offer overwhelming praise for the training that they had received from their local authority employers prior to transfer either. When asked to compare the quality of training received from the companies with that received from their former local authority employers, the majority appeared to say that it was 'just as bad', a factor which is also borne out by answers of respondents from the Liverpool partnership. The large number of no answers in Lincolnshire, Southwark and Liverpool may also support this contention with respondents being unable to choose between the answers provided.

Table 10: Transferred Staff - Do you feel that this training was worse, the same, or better than that provided by the Local Authority?

	Lincolnshire	Blackburn	Middlesbrough	Southwark	Liverpool JVC
Worse	18.6%	27.3%	32.1%	42.3%	14.5%
Same	50.4%	62.3%	57.1%	38.5%	50%
Better	10.1%	10.4%	10.7%	7.7%	17.1%
No answer	20.9%	0%	0%	11.5%	18.4%
Total	100%	100%	99.9%	100%	100%

Consultation

The surveys included questions to test the companies' implementation of staff involvement in the process of change and reform, which is one of the four key principles of government's modernisation agenda for public sector reform. Respondents' answers showed that they did not feel that they were included in decisions about reform or its implementation. A majority of respondents in each of the case studies reported that they had not been consulted either about the reorganisation of their department or the introduction of new working practices.

Table 11: Were you consulted about the reorganisation of your department?

	Lincolnshire	Blackburn	Middlesbrough	Southwark	Liverpool JVC
Yes	40.9%	35.4%	37.3%	14.7%	30.3%
No	49.1%	53.8%	58.8%	67.6%	68.4%
No answer	10%	10.8%	3.9%	17.6%	1.3%
Total	100%	100%	100%	99.9%	100%

Table 12: Were you consulted about new working practices after the transfer?

	Lincolnshire	Blackburn	Middlesbrough	Southwark	Liverpool JVC
Yes	34%	23.8%	21.6%	14.7%	17.1%
No	56%	60.8%	70.6%	64.7%	78.9%
No answer	10%	15.4%	7.8%	20.6%	3.9%

What the frontline staff say about Strategic Service Delivery Partnerships

Total	100%	100%	100%	100%	99.9%
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It may be that these answers overstate staff involvement. This is because many qualitative comments received from respondents indicated that even those who said they had been consulted were sceptical about the quality of that consultation, believing it to be merely information giving rather than actual involvement in the decision making and planning process. Again, there were large proportions of no answers in some of the case study authorities.

“The management seem to think that informing staff after something has happened is consultation.”

“Briefings after the event, only decisions announced.”

Equalities

One criticism of the transfer of public services to private contractors is that they will not share the same values as the public bodies that they replace. An example of this is equalities, where the public sector has been a forerunner in the establishment of machinery and systems designed to promote equal opportunities amongst their own staff and users. As such, the role of privatisation in undermining the regulatory and legislative framework that promotes equalities in the public sector has been the subject of work by several of the equalities commissions (Commission for Racial Equality, 2003; 2003a; Escott and Whitfield, Autumn 2002). As a result, the surveys included a number of questions aimed at testing the implementation of equal opportunities policies across three of the main equalities groups (gender, race and disability⁴) and comparing the commitment of the companies to that of the local authorities, they replaced.

In terms of gender, the majority of respondents in four of the five case studies thought that equal opportunities policies were adequately implemented. However, in Southwark this plummeted to less than 30%. A similar pattern was evident for respondents' answers on the implementation of effective equal opportunities for both race and disability, although respondents tended to be less sure over the issue of disability than the other two equalities groups included.

Table 13: In your view, does the company implement effective equal opportunities policies for gender?

	Lincolnshire	Blackburn	Middlesbrough	Southwark	Liverpool JVC
Yes	75.5%	66.2%	60.8%	29.4%	61.8%
No	13.8%	16.9%	15.7%	55.9%	26.3%
No answer	10.7%	16.9%	23.5%	14.7%	11.8%
Total	100%	100%	100%	100%	99.9%

⁴ Other important equalities groups include: age, sexual orientation, persons with or without dependants, religious belief, political affiliation, marital status.

The pattern of responses for Southwark is noteworthy because Southwark LBC has a very well developed Race Equality Strategy which goes well beyond the statutory requirements of the Race Relations Amendment Act 2000. Southwark has also been the site of notable events associated with race-relations problems, such as the murder of schoolboy Damilola Taylor. As such, it would be hoped that the organisation running Southwark’s schools would be fully committed to implementing effective race and other equality policies. The evidence from the survey would seem to indicate that this was not the case while Atkins were in charge.

Table 14: In your view, does the company implement effective equal opportunities policies for race?

	Lincolnshire	Blackburn	Middlesbrough	Southwark	Liverpool JVC
Yes	77.4%	75.4%	56.9%	29.4%	59.2%
No	4.4%	8.5%	15.7%	58.8%	19.7%
No answer	18.2%	16.1%	27.5%	11.8%	21.1%
Total	100%	100%	100.1%	100%	100%

Where specific complaints were voiced they tended to be regarding the recruitment of staff:

“Equal opportunities are not adhered to – jobs are allocated to people without putting them out to advert.”

Table 15: In your view, does the company implement effective equal opportunities policies for disability?

	Lincolnshire	Blackburn	Middlesbrough	Southwark	Liverpool JVC
Yes	73.6%	57.7%	56.9%	14.7%	60.5%
No	5.7%	10.8%	15.7%	52.9%	26.3%
No answer	20.8%	31.6%	27.5%	32.4%	13.2%
Total	100.1%	100.1%	100.1%	100%	100%

Respondents, in the main, said that the companies were as committed to equalities as the local authorities had been. However, the number who thought that they were less committed easily outnumbered those that thought they were more committed in every case study.

Table 16: Transferred Staff - Compared with the Local Authority is the company more, the same or less committed to equal opportunities?

	Lincolnshire	Blackburn	Middlesbrough	Southwark	Liverpool JVC
Less	10.9%	24.7%	20%	63%	21.1%
Same	75.8%	69.7%	77.1%	18.5%	64.5%
More	5.5%	5.6%	2.9%	14.8%	3.9%

What the frontline staff say about Strategic Service Delivery Partnerships

No answer	7.8%	0%	0%	3.7%	10.5%
Total	100%	100%	100%	100%	100%

The large proportion of no answers may indicate that a large number of respondents were unconcerned about equalities issues.

Health and Safety

It has been UNISON's experience that staff employed on privatised contracts have often complained about the lack of implementation of health and safety policy. Accordingly, the surveys included questions addressing this issue.

Table 17: Do you know who is responsible for health and safety issues in your workplace?

	Lincolnshire	Blackburn	Middlesbrough	Southwark
Yes	58.5%	56.9%	54.9%	26.5%
No	40.9%	40%	45.1%	61.8%
No answer	0.6%	3.1%	0%	11.8%
Total	100%	100%	100%	100.1%

Table 18: Are you aware of the Company's health and safety policy?

	Lincolnshire	Blackburn	Middlesbrough	Southwark
Yes	77.4%	60%	37.3%	44.1%
No	19.5%	36.9%	62.7%	50%
No answer	3.1%	3.1%	0%	5.8%
Total	100%	100%	100%	99.9%

While a majority of respondents across the case studies (with the notable exception of Southwark) reported that they knew who was responsible for health and safety in their workplace, the picture was somewhat more ambiguous for knowledge of the companies' health and safety policies. A majority of respondents in both Southwark and Middlesbrough indicated that they were not aware of HBS' or Atkins' health and safety policies.

When asked about whether health and safety policies were adequately implemented, the picture was again mixed. Only in Lincolnshire did more respondents indicate that they thought that health and safety policy was adequately implemented than not. In Southwark, more than 61% said that health and safety was not adequately implemented by Atkins.

Table 19: In your view, is health and safety policy adequately implemented?

	Lincolnshire	Blackburn	Middlesbrough	Southwark
Yes	47.8%	37.7%	39.2%	26.5%
No	40.3%	40%	45.1%	61.8%
No answer	11.9%	22.3%	15.7%	11.8%
Total	100%	100%	100%	100.1%

Service Quality

The emphasis placed by the government on improving the quality of public services meant that it was vital that the surveys asked staff what impact the transfer to the private partner (or in the case of Liverpool - to the new organisational model) has had on the quality of service delivery.

Half or more than half of respondents in all but the Liverpool JVC thought that service quality was now worse than before the transfer to the private sector. In Middlesbrough, 81.3%, and in Southwark, 75%, of respondents thought that service quality was now worse. Nowhere did even 20% of respondents think that service quality had improved.

The responses received to questions which addressed service quality and the relatively small number of no answers suggests that local government workers are highly concerned for the quality of service that they provide. It belies the myth that is sometimes promoted that local government staff and UNISON members oppose modernisation by privatisation because of their own sectional interests.

Table 20: In your view is the service offered by the company better, the same or worse than that provided by the council?

	Lincolnshire	Blackburn	Middlesbrough	Southwark	Liverpool JVC
Worse	50%	51.1%	81.3%	75%	46.1%
Same	28.9%	34%	12.5%	14.3%	31.6%
Better	17.2%	14.9%	6.3%	7.1%	17.1%
No answer	3.9%	0%	0%	3.6%	5.3%
Total	100%	100%	100.1%	100%	100.1%

The issue of service quality was further elaborated on by respondents' qualitative comments.

Many highlighted detailed aspects of deterioration in service quality:

"The public are constantly complaining that they can't get through on the telephone"...The service offered from Housing Benefits has deteriorated taking ten to twelve weeks to process our applications. This used to be four to five weeks. This has led to letters and threats of taking tenants to court."

"I have heard people on the telephone who have said that the service is much worse in Benefits and Customer Services since [the contractor] took over"... "as a resident in this area I don't like the fact that I have to ring Coventry to discuss things like my council tax – I prefer being given a name then being able to see that person face to face if necessary."

“Service quality has reduced due to lack of training, long hours, new technology, more pressures, higher demands on IT” ... “Basic lack of materials and IT equipment ...have to provide your own pens / paper etc. Cost cutting is bad for morale.”

“Constant financial pressure puts staff under continual stress. Vacant posts are not being filled due to lack of money”...“non payment of bills has caused embarrassment and practical services as services are withdrawn (eg photocopying).”

“The call centre and one-stop-shops don’t provide as good a service as revenues and benefits used to- the people working there have less knowledge and not enough time to sort things out – they merely pass queries on.”

Many respondents, attributed these problems to the inconsistency between the profit motive and public service values.

“[The contractor] is a business and so core values such as valuing staff, alleviating poverty and customer care are of no interest to them.”

“As a member of [the contractor’s] staff, the quality of service provided to the council and the public will, I feel, not be as good. This is obviously down to the savings they hope to make and also the profit that they hope to make for themselves.”

“They don’t understand public service as they are a business, interested in making profit.”

“Stop cutting services to save money. Resources are very poor. It is all a big joke.”

However, respondents also noted that financial pressures and staff dissatisfaction leading to higher turnover, meant that staffing levels were declining and that new staff are often less skilled and experienced than those that they replace.

“[The service is] immensely worse, the level of dissatisfaction by corporate clients and schools is huge. Bad management is implemented with downsizing and deskilling too soon. No computer efficiency gains. Skilled / quality staff have left in droves. standards have declined rapidly. ‘Temps’ are not trained so quality gets worse – a downward spiral doomed to failure without speedy change.”

“[The contractor’s] aim as a company is obviously to make maximum profit whereas [the council’s] aim would be to provide highest quality service with available funding.”

“The quality of service has dramatically reduced since joining [the contractor] because the staff levels have dramatically reduced, therefore we can’t provide even an adequate service.”

“[The contractor] will take staff without proper training and good quality members of staff are leaving. Therefore we are left with staff who are not qualified and a lot of pressure on staff who are. Lots of mistakes and slow processing”

Comparisons across the case studies

The general ‘tenor’ of responses across the all the case study authorities was negative. In general employees felt less secure, less satisfied with their jobs and viewed service quality as declining since the transfer. However, it is notable that a responses in Southwark and Middlesbrough tended to be more negative across the range of issues surveyed than in the other authorities.

4. Agenda for Action

It is vitally important that the findings from the surveys and the lessons learnt from SSP projects are developed into an agenda for change in operational SSPs and those in the planning or procurement stages.

The retention of a public management ethos and principles

The retention of a public management ethos is essential if the quality, accountability and social justice objectives of public services are to be maintained. The principles underpinning the public sector ethos are incompatible with services delivered for profit, implemented via market mechanisms, driven by commercial objectives and measured by narrow and mechanistic performance measures which often ignore the key principles of public service. The loss of these values at a management level is also a loss of general and organisational capacity.

Improved monitoring of workforce issues by local authorities

The extent to which client officers in the five local authorities are aware of the survey findings is unlikely to be made public. However, there is no evidence that they have been aware of staff views, except on a piecemeal basis, which suggests that there are major shortcomings in SSP monitoring systems. Most local authorities have a small client side and rely heavily on self-assessment by private contractors. The government has now set out local authorities' responsibility in this regard:

“Best value cannot be delivered without a well trained and motivated workforce. This is the responsibility of local government, both as an employer and client, and applies irrespective of whether work is carried out in-house or externally.” (ODPM, March 2003).

More rigorous scrutiny of SSPs

Both national and local scrutiny of SSP projects should be intensified. The 2002 Audit Commission inspection of Service Middlesbrough criticised HBS' performance on a number of counts but failed to identify the issues raised by the UNISON staff survey. Local scrutiny of SSP projects by elected members has been very limited and has also failed to identify the serious shortcomings revealed by the surveys.

Staff and trade union involvement

The UNISON surveys provide important evidence to demand a step change in the involvement of staff and trade unions in the planning, design and delivery of services. The government has consistently stated that staff and trade unions should be involved in the Best Value regime and, where staff are to be transferred, they should be fully involved from the earliest opportunity.

When contracting out services and transferring staff to a new employer, councils must consult trade unions. UNISON officials and activists should make full use of the duties to consult placed on councils and contractors in the TUPE legislation, the Best Value legislation and the Code.

Legislation came into force on 3 April 2003 amending the Best Value legislation. It made it a duty for authorities to consult trade unions and staff on Best Value reviews and during the Best Value process. This legislation is statutory instrument number 662/2003 entitled the Local Government (Best Value) Performance Plans Reviews (Amendment)(England and Wales) Order 2003. It applies to all Best Value authorities in England and Police and Fire authorities in Wales.

The Best Value Performance Improvement Statutory Guidance provides councils with more detailed advice on this and makes it clear that councils must provide full disclosure of information on all matters affecting the workforce. This means that before a decision is taken to contract out a service the authority must consult trade unions and staff on the options available for the delivery of the service.

Paragraph 53 of circular 03/2003 confirms that "in reviewing functions, authorities must consult recognised unions and employees' associations, and staff engaged in that function." Furthermore, "the mechanisms for involving staff and trade unions should be set out clearly, including how the views of staff will be taken into account in decision-making processes."

Circular 03/2003 at Annex C, paragraph 10, emphasises that councils should involve staff and trade unions in procurement decisions, stating that:

"Procurement decisions by local authorities should take proper account of workforce issues. Staff and unions should be involved in the option appraisal stage, and where there is a decision to outsource, staff and unions should be involved in the selection process and in the subsequent detailed work around the transfer. Where TUPE applies, the current employer is obliged to make information available to workers' representatives and the new employer and to consult workers' representatives on matters relating to the transfer" (UNISON, 2003).

The recent Best Value Performance Improvement Circular has underlined this point:

"Full effective and continuous communication is key to managing transfers well. Local authorities should consult their employees and recognised trade unions or staff representatives throughout, with full disclosure of all information affecting the workforce." (ODPM, March 2003).

It goes on to say that the responsibility for effective consultation extends to the contractor and the issue of changes to working practices and the organisation of work, after the transfer:

"Contractors selected to provide services to local authorities and to take on local government staff should also have policies which ensure good communication and consultation with the workforce on key issues following a transfer." (ODPM, March 2003).

Annex C to the Best Value Performance Improvement Circular sets out the ways in which consultation with staff and trade unions should be included in the procurement process.

The TUC/OPSR are examining ways in which employee involvement can be improved, and have gone beyond the legislative requirements already put in place by the government. They focus on building support for public services, public sector pay, developing a skilled workforce and increased flexibility (TUC Executive Committee, April, 2003). Their report recognised that trade unions and their members have a critical role to play in service improvement and the management of change. It emphasised that:

- Trade unions must have the opportunity to shape key decisions at all levels and must be actively involved in service delivery.

- Trade unions and government must work together to ensure a consistent approach to employee involvement across all public services and at all levels within each organisation.
- Public service managers must be properly trained to manage a more intensive programme of union and employee involvement.
- Trade unions must ensure that full-time officers and lay officials are properly equipped to become active and constructive participants in change.

Quality employment promotes quality services

'Service improvement' and 'modernisation' has often included an attack on public sector staff and their representatives, in order to break down 'vested' 'producer' interests. However, the results of the survey show that SSPs have not promoted quality employment and that declining staffing levels, falling morale and de-skilling of the workforce have negatively effected service quality.

The government has now accepted that how staff are employed and treated has a direct bearing on the quality of service that they provide:

"In taking account of workforce issues that arise in procurement under best value, authorities will need to recognise the connection between service quality and handling of workforce issues. Good quality services depend on appropriately skilled and motivated workforces." Annex C (ODPM, March 2003).

Alternatives to staff transfer

The survey has indicated that the quality of employment practices instituted by SSP contractors has a negative effect on staff morale. It indicates that there is a prevalence of cost-cutting and lack of sensitivity to consultation, poor investment in training and change management. Technical solutions to this, such as increased consideration of these matters in the procurement process can only go so far in addressing the problems identified. Despite the government's welcome statements on the importance of workforce matters in the procurement process, the extent to which they can be included is still a matter for debate and ambiguity. Aside from this, the problems identified do not merely arise from technical issues. Rather they are a structural aspect of privatisation. They arise from the inconsistency between the contradictory motives of public service and profit making. As a result, regardless of the promises made by contractors during the procurement process, there will always be an incentive to undermine employees' pay and terms and conditions to increase the profit margin, particularly where the contractor or the contract face financial pressure. Such financial pressures are often acute in public services.

In addition to this, where contractors do promote better employment practices, the cost of this will be passed on to local authorities. Taken together these two factors mean that it will be increasingly desirable to look for options for service improvement which exclude staff transfer. The survey results lead to a number of conclusions of relevance to this.

Importance of in-house bids

None of the case study authorities included in-house bids. Local authorities have relied on 'Best Value Comparators' in comparing current local authority performance with planned

performance after investment and re-engineering by the private sector. The preparation of in-house bids would have more clearly identified the local authority's ability to carry out re-engineering and investment itself rather than assume that they do not have the investment and capacity. For example, in Newcastle City Council, a fully worked up and costed in-house bid was able to produce service changes to a similar level as those promised by BT (the preferred bidder) with some minor changes in specification. However, the in-house bid included significantly fewer redundancies and produced projected savings of over £30m more than those promised by BT.

Improvement in the JVC model

The secondment of staff in the Liverpool SSP project has many advantages. However, the UNISON surveys revealed that in terms of staff involvement, training, service quality and other aspects of job satisfaction there was little difference between the Liverpool model and the fully outsourced SSP contracts. Respondent's qualitative comments reveal that they are witnessing many of the financial and commercial pressures which arise from marketisation, regardless of whether this involves a formal transfer to the private sector. Of course, there is only a sample of one for the JVC model and the findings may not be replicated in another local authority and/or with a different contractor. Certainly, there may be ways of strengthening the protection for staff through revised secondment options. In Stoke-on-Trent, staff seconded to a PFI contractor in a grouped schools PFI, work on a range of tasks, only some of which are for the contractor. This sort of 'secondment plus' approach may help to build in further protection. However, the survey findings do highlight that hybrid options such as secondment are a second best to in-house provision in terms of the treatment of staff and by implication the quality of service.

More extensive training programmes

The surveys highlight the importance of training and workforce development which appears to fall well short of the commitments made in contract negotiations and the promotion of SSPs by the private sector. The procurement process must be strengthened to ensure that company training programmes and proposals are subjected to rigorous analysis and evaluation. This is absolutely necessary, not only for staff development, but for the realisation of promised efficiency gains arising out of new technology and business processing systems.

Trade union organising and representation

SSP projects create a number of new demands on UNISON branches which draw on branch organisation and capacity.

More rigorous evaluation of private sector practice, particularly human resource policies and practices

Local authorities will need to subject the management practice, HR and change management strategy of private contractors to more rigorous analysis and evaluation than has been the case so far.

Challenging private sector ability and capacity to re-engineer public services

The survey findings expose the limited ability of the private sector to 'transform' public services. Change management and reconfiguring services is no easy task in any circumstances and is hardest in multi-service/function public organisations. The UNISON surveys demonstrate that there is a major credibility gap concerning the ability of the private sector to improve services and enhance conditions for staff. Investment in new technology will have limited benefits if it continues to be at the expense of workforce development.

The failure to implement the modernisation agenda

The survey findings also highlight the failure of narrow and mechanistic output-based performance management. They reveal that the operation of SSPs is failing to effectively implement the government's modernisation agenda. They reveal problems in the delivery of a 'step-change' in performance, and even suggesting that service quality has declined. Improved staff consultation at a national level and increased transparency to allow more effective public scrutiny and democratic accountability is vital to the long-term success of modernisation and service improvement.

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