

Strategic Partnership in Crisis:

Lessons from Britain

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The partnership

- Between Bedfordshire County Council and HBS Business Services Group Ltd (Terra Firma - equity investment group).
- £267m 12-year contract starting June 2001.
- Local authority services - information technology, financial services, human resources, school support services, communications, management of outsourced contracts.
- HBS has similar contracts in municipalities in Lincolnshire, Middlesbrough, Milton Keynes and Bath.

Alternative to PPP

- UNISON campaigned for:
 - Council should acquire hardware, software and expertise/training as and when required on 'best in class' basis.
 - A phased qualitative implementation of ICT involving staff and users.
 - Staff remain council employees.

Advantages - builds council capacity, minimises risk and reliance on one contractor, better employment conditions, greater staff involvement, phased process learning lessons as it progresses.

The promises

- A Regional Business Centre in Bedford to win additional work and create new jobs.
- A 45 seat Customer Contact Centre for all services.
- Investment of £7.8m in new IT, including integrated resource management system, SAP.
- £6.9m investment to improve accommodation.
- High quality and competitive support services to schools.
- A review of training facilities and a National Centre for Excellence in Education.
- Improved services to achieve upper quartile Best Value performance.
- An annual reduction in service costs of 2% (about £900,000).

Operation

- The contract was between the local authority and HBS.
- There was never a question of UNISON participating in running the PPP.
- Minimum level of staff and trade union involvement and consultation in the PPP.
- Trade Unions consulted prior to quarterly Strategic Partnership Management Board meetings but can not attend meetings.
- Major review of the contract in progress.

Impact on Jobs

- 550 jobs transferred to HBS in June 2001.
- HBS employed new staff on different terms and conditions- sometimes big wage differentials.
- Two-tier workforce and Best Value Code of Practice on Workforce Matters does not apply because contract started before March 2003.
- HBS and Bedfordshire County Council signed up to an employment charter before transfer.
- HBS refuses to sign local or national recognition agreement with UNISON and other unions.
- HBS poor record in communicating with staff.
- Some services now being transferred back to the council from HBS.

Impact on Services

Service delivery problems

- Performance down in the 4 Best Value Corporate health indicators.
- No evidence of Regional Business Centre or new jobs.
- Quality of school support services in decline.
- National centre of Excellence in Education constantly delayed.
- Council incurred considerable additional costs and unclear whether original savings target met.
- Only part of £7m investment in County Hall spent.
- “The strategic partnership is not delivering improvement in services” - District Auditor, January 2005.

HBS achievements

Customer Contact Centre and SAP implemented

Strategic Lessons

- Sharpen critique of partnerships - they are essentially large contracts but with a contractor in a powerful position inside the local authority.
- Take action as soon as partnerships are considered and before the procurement process begins.
- Investigate and evaluate PPPs in a similar way to Bedfordshire UNISON.
- Try to recruit and organise new PPP staff.
- Get the message across to Elected Members and the trade union membership about the limitations of partnerships.
- Demand that the local authority Scrutiny Committee fully monitors and assesses the implementation process.
- Ensure that Strategic Partnerships and PPPs are democratically accountable and transparent.