

What Would an Extra £200 Million Mean to Barnet Residents?

What is the purpose of this document?

This paper is not a discussion about the pros and cons of outsourcing. It does however consider whether Barnet residents are getting value for money as a result of Barnet Council outsourcing the vast majority of local services. It is hoped that this will start a discussion as to whether the services provided are responsive, up-to-standard and provide residents with the ability to hold their elected authority to account - if they aren't, is it time to bring these services back in-house?

In 2012-2013, Barnet Council outsourced the vast majority of services to private companies as part of a move to outsource more than £1 billion worth of contracts¹ to deliver services on behalf of Barnet Council. As we approach the renewal of these contracts, this is a crucial time for the residents of Barnet to reassess whether outsourcing the majority of the local services and the oversight of these services (something Barnet Council has effectively done) is something they still want.

What is the background to Barnet outsourcing public services?

Mike Freer, the former head of Barnet Council, led the transition to an “easyCouncil” model² of privatised service provision in 2009 despite this strategy not appearing in the Conservative manifesto in 2010³, the Conservatives went ahead in contracting-out the vast majority of services across Barnet⁴.

From 2010-2020, Council tax in Barnet has increased by 12.8%⁵, but residents need to ask themselves if services have improved?

What are some of the services that have been outsourced by Barnet Council?

It should be a major concern to Barnet residents that the Council is not responsible for the delivery of finance and procurement. Put simply, is there a business or household out there that lets a third party purchase items for them and then employ a separate third party to check if they are being prudent with their spending?

Examples of services that have been outsourced by Barnet Council:

- Finance (budgeting, accounting and financial control)

¹ <https://www.bbc.co.uk/news/uk-england-london-20573789>

² <https://www.theguardian.com/society/2010/feb/03/mike-freer-easycouncil-interview>

³ <http://barneteye.blogspot.com/2010/04/barnet-tory-manifesto-what-it-doesnt.html>

⁴ <https://www.wsws.org/en/articles/2013/01/16/barn-j16.html>

⁵ <https://www.kfh.co.uk/north-west-london/barnet-london-borough/council-tax>



- Procurement
- Strategic Human Resources (advice and support to the Council on people management issues)
- Highways and Regeneration
- Estates (managing the Council's land and buildings)
- Social Care Direct (first point of contact for social care services)
- Safety, Health and Wellbeing
- Strategic planning
 - Planning policy
 - Major developments
 - Infrastructure planning
 - Heritage services
- Cemetery and Crematorium

You can find a full list of fees & charges by clicking on the following link, then open the “*Schedule 4 - Payment Mechanism*” pdf document:

<https://open.barnet.gov.uk/dataset/e659v/regional-enterprise-ltd-re-contract>

Are Barnet Council getting value for money from their outsourced partners?

Looking at some of the fees in Barnet Council's largest outsourcing contract, the fees are complex, opaque and it is clear that the Council have not been getting value for money.

Examples of this include (quote have been taken directly from the agreement between Barnet Council and Capita PLC):

- “*Anything done to restrict traffic...in order to carry out works on the road*”, e.g. putting up signs of future works - cost of £3,624 in 2014 with annual increases based on inflation
- “*Refilling salt bins*” which was charged at £125 per bin in 2014, but that number would be hit with “*above inflation increase due to large increase in salt cost*”
- “*Issuing Conservation Area Maps*” at £37.75 in 2014 with annual increases based on inflation
- A planning A3 photocopy piece of paper £1.50

It is concerning that the contract is so poorly written, i.e. the fee schedule contains numerous grammatical errors, blacked-out content and confusing language that gives the impression that they did not want readers to fully understand what the costs were.

Take the example of refilling salt bins at £125 per time. There are 407 salt bins in Barnet⁶ according to the Council's website. That means that the Council is paying £50,875 to fill up each salt bin once. **If these are filled three times a year, over 10 years, that is more than**

⁶ <https://www.barnet.gov.uk/directories/grit-bins>



£1.5 million being spent on putting salt into boxes. It then makes you wonder who chooses the frequency to refill those bins? It's all rather concerning.

Why is Barnet Council paying such high fees for its services?

The largest outsourced contract that Barnet Council has is with Capita, a major FTSE 250 listed company. According to their 2020 Annual Report, they had a gross profit margin of 20.58% (£684.2m / £3,324.8m)⁷. If we apply this to the Barnet Council's outlay of £1 billion⁸ worth of outsourcing contracts over a 10-year period, that could have meant, all things being equal, **£206 million could have remained in the Council's budget instead of going into the pockets of shareholders.**

Admittedly, it is impossible to precisely calculate the cost of Barnet Council in-housing local services when compared to a general outsourcing company over a number of years, but the profit element is a material differentiator that could lead to a financial windfall for Barnet Council.

What else has come of Barnet Council outsourcing the vast majority of its services?

According to a Freedom of Information request made in 2009⁹, Barnet employed the following number of full-time staff:

Department	Number
Adult Social Services	648
Chief Executive	17
Children's Service	1,369
Corporate Governance	154
Corporate Support	26
Environment & Transport	829
Planning, Housing and Regeneration	305
Resources	807
Schools	6,846

⁷ <https://www.capita.com/sites/g/files/nginej291/files/acquiadam/2021-03/capita-annual-report-2020.pdf>

⁸ <https://www.hamhigh.co.uk/news/one-barnet-a-billion-pound-gamble-3434804>

⁹ https://www.whatdotheyknow.com/request/number_of_employees_2



In 2017-2018¹⁰, the full-time staff numbers were considerably less:

	Headcount	FTE
ADULTS & COMMUNITIES	288	254.2
COMMISSIONING GROUP	215	199.8
FAMILY SERVICES	693	510.5
STREETSCENE	491	433.2
EDUCATION & SKILLS	24	19.2
Grand Total	1711	1417.0

Unfortunately, it appears that exact like-for-like data comparisons are not available as the data published appears to show that departments have been renamed and potentially re-organised, but what is clear is that a significant number of full-time staff dedicated to the community have gone.

How difficult would it be to bring services in-house?

Insourcing by Councils has already been done in other parts of the country. Southampton City Council brought IT, Procurement, Customer Services, Revenues and Benefits and Operational HR services (Learning and Development, Health and Safety, HR administration – Payroll and Pensions) back under the Council's control¹¹. The results were positive including the Council employing more people, increased savings (£1.1 million of savings in 2019-2020), better use of suppliers and better service performance received by residents.

Birmingham City Council also brought most of the Capita-run services in-house in 2019¹². In March 2021 the Council's director of digital and customer services at Birmingham City Council, said¹³ "we'd lost control of our IT strategy and the way we used technology, in effect having outsourced it to a third party." Furthermore, he stated that the Council had "fallen into a situation where a very well-managed and stable service was being delivered, but being delivered in a way that the target was then to exploit the council for revenue opportunities". Worse still that

¹⁰

<https://open.barnet.gov.uk/dataset/29xy2/london-borough-of-barnet-staff-establishment-headcount-and-fte-201718>

¹¹

<http://www.southampton.gov.uk/moderngov/documents/s47258/Update%20on%20the%20performance%20and%20transition%20of%20services%20from%20Capita%20to%20the%20Council.pdf>

¹² https://www.birmingham.gov.uk/news/article/460/statement_on_capita_contract

¹³

<https://www.publictechnology.net/articles/news/birmingham-tech-leader-hails-return-innovation-after-exiting-outsourced-it-contract>

the outsourcing relations had led to “no innovation”. The Council is confident that they will find better value for money than the £475 million IT contract that they signed in 2006¹⁴.

So what next?

The residents of Barnet have a decision to make. It’s a fundamental one as to whether you think that, effectively, the majority of local services should be outsourced to private vendors or should be run by the Council?

Services run by the Council would mean that Barnet Council would be directly responsible for them and they should have full-time employees dedicated to serving Barnet’s community on behalf of elected officials instead of driving shareholder profit.

If insourcing services in Barnet were to happen, a clearly laid out strategy and transition plan with sufficient preparation time would need to be put in place. Thankfully, Barnet Council can draw on the experiences of other local authorities to ensure a smooth transition.

In May 2022, Barnet Council elections will take place. **If you are a Barnet resident have your say and make sure you are registered to vote:**

<https://www.barnet.gov.uk/elections-and-voting/how-vote/register-vote>

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<https://www.computerweekly.com/news/252467811/Birmingham-City-Council-ends-13-year-IT-contract-with-Capita>

