



Proposed Outsourcing of Facilities Management and Catering Operations – follow up report

Report for UNISON

This report has been prepared by Gayle Gibson in January 2013

Version 4.0





APSE (Association for Public Service Excellence) is a not for profit local government body working with over 300 councils throughout the UK. Promoting excellence in public services, APSE is the foremost specialist in local authority front line services, hosting a network for front line service providers in areas such as waste and refuse collection, parks and environmental services, leisure, school meals, cleaning, housing and building maintenance.

APSE provides services specifically designed for local authorities, such as benchmarking, consultancy, seminars, research, briefings and training. Through its consultancy arm APSE delivers expert assistance to councils with the overt aim of driving service improvement and value for money through service review and redesign. APSE delivers in excess of 100 projects a year and clients benefit from the consultancy's not for profit ethical approach to consultancy services.

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Executive Summary

The University of Sussex is currently going through the OJEU¹ process to outsource its Facilities Management Services, Catering and Conferencing Services. In the main, these services are presently provided in-house at a cost of around £20million per annum. UNISON understands the need for the University to reconfigure to meet the changing needs of the student population and also realise savings. However, outsourcing is not the only way to achieve this.

This paper considers the current climate the University is operating in. It includes the limitations of outsourcing and provides examples of where services have been brought back in-house. There are also a number of other approaches that maybe worth considering as an alternative to outsourcing. These include service redesign, reviewing procurement practices, outsourcing some of the services only and bringing in external expertise. It also considers some different service delivery models including shared services and an arms-length company.

In addition the results of feedback with staff are considered and the importance of keeping the workforce informed regardless of the outcome is imperative.

This paper also argues that each option needs to be fully considered through a robust business case. This should include the strategic, financial, legal, technical and commercial case as well as a full risk assessment. It looks at the challenges facing the sector and the potential benefits of a review with a view to moving forward.

In particular, this paper highlights the benefits of re-designing the service in conjunction with staff, customers and UNISON colleagues, which has resulted in some excellent outcomes in other organisations in terms of both service quality and realising efficiency savings.

Introduction

The University of Sussex is looking to outsource its Facilities Management Services, Catering and Conferencing Services. The University claims it is not budgeting for either savings or cost increases at this stage but rather states the principal purpose of the exercise is to secure flexible and scalable services. However, the business case states that it is anticipated that in the future there will be financial savings². The amount projected has been redacted so from the information provided it is not possible to comment on the feasibility of this.

The aim of this paper is to recognise the pressures facing University of Sussex and the outcomes that they are trying to achieve. Public services are currently experiencing a

¹ OJEU stands for the Official Journal of the European Union. This is the publication in which all tenders from the public sector, which are valued above a certain financial threshold according to EU legislation, must be published.

² University of Sussex (May 2012), 'Business case for: extension of outsourcing in facilities management services and catering and conferencing services'.

massive funding challenge and all services are being heavily scrutinised with a view to improving efficiency and ensuring that they are fit for purpose.

A number of different service delivery options are available and how an organisation will respond depend on both the overall strategic direction and a pragmatic analysis of circumstances on a service by service basis. This paper considers the limitations of outsourcing with the advantages of retaining services in-house and some examples of insourcing.

There are also a number of other approaches that maybe worth considering as an alternative to outsourcing all the Facilities Management Services. These could be tailored to meet the same objectives and are discussed in greater detail as part of this paper. Two of the main issues cited in the University's business case are around investment and a predicted growth in the student population and as such these need to be considered³.

Background information

To put together this report APSE has had sight of a number of documents as requested by UNISON under the Freedom of Information Act (2000). The main one of which is the University of Sussex 'Business Case for: Extension of Outsourcing in Facilities Management Services and Catering and Conferencing Services, May 2012'. The documents received have been heavily redacted in particular relating to the financial case for outsourcing the Facilities Management Services.

APSE is a local government organisation and not a legal firm, although all reasonable efforts have been taken to ensure that the views expressed in this report are consistent with a proper understanding of the legal framework applicable to the procurement process, APSE does not purport to offer legal advice.

Current climate

Higher education is faced with numerous challenges including the decline in funding coupled with increased costs⁴. In addition universities face increased competition as tuition fees rise, demographic changes affect enrolment patterns and international study becomes increasingly popular declining student numbers. Universities often find it challenging to adjust internally to meet new goals. In addition aging technology systems are hindering information sharing and support systems. The current

³ University of Sussex (May 2012), 'Business case for: extension of outsourcing in facilities management services and catering and conferencing services'.

⁴ Deloitte (2011), 'Making the grade 2011'.

infrastructure can also hold universities back with the need for improved or expanded campuses⁵.

This leads to a greater demand on senior management teams, finance departments and support staff to identify additional income streams and deal with the rise in operational costs. Managing these issues is central to being a strong provider in a competitive market. In this turbulent time, where Universities need to operate with budget deficits, it is necessary that institutions act responsibly and input the necessary time and resources to explore their options in-depth in order to pursue the most economically advantageous, secure and effective path. This is particularly important as the forecasting, planning and modelling of student numbers, staffing and finance has become increasingly problematic. Also as the dropout rate of students has risen due to higher tuition fees⁶, magnifying the risk when deciding on the future of University services without careful consideration.

In the last decade Higher Education Institutions have been faced with decreasing student numbers, and evidence suggests that that the downward trend will continue in 2013⁷. There is a real need to promote higher education and improve students' perceptions of service quality of elements both directly and not directly involved with content and delivery of the course material.

On 28 November 2012, UCAS published the statistics for UCAS applications made from the beginning of the application cycle until the 19 November 2012, revealing concerning results of a fall in application numbers for 2013-2014⁸. If this downward trend continues it could be the lowest number of applications since 2006. This represents a 14% fall in applications for all courses, excluding applications to Oxbridge, medicine, dentistry, veterinary courses compared to the same point in 2012-13⁹.

This is in contrast to estimations by the University of Sussex, seeking to increase the student population. A four year target is in place to increase student numbers from 12,000 to around 15,000 by 2015-16¹⁰. As of September 2012 numbers had increased to 13,000¹¹ in line with targets outlines in the strategic plan. Plans are also in place to increase accommodation to meet this demand. The increase is credited to the 'successful growth and development of our undergraduate and postgraduate programmes'¹².

It would be necessary to view the plan to be able to comment on the feasibility of this. However, this is a challenging target given both the demographic decline in the number of 18 years olds in addition to the increase in fees.

⁵ Deloitte (2011), 'Making the grade 2011'.

⁶ Deloitte (2009) 'University Challenges A summary of recent Deloitte research into challenges facing UK universities' London: Deloitte LLP.

⁷ Million Plus Press Release (Dec 2012) 'Higher profile campaign needed to promote higher education'.

⁸ Million Plus (2012) ' (online)

⁹ Million Plus (2012) 'Parliamentary Briefing UCAS applications for 2013-14' (online)

¹⁰ University of Sussex website (16 December 2011) 'Accommodation a growing student population'

¹¹ University of Sussex website (24 September 2012) 'More students than ever at Sussex'

¹² University of Sussex website (16 December 2011) 'Accommodation a growing student population'

With the dramatic increase in tuition fees up to £9,000, there is more pressure for universities to demonstrate that they are meeting the needs and demands of current and potential students recognising them as partners in education, driving development and quality of service delivery. Universities have the potential to boost economic development significantly, however, this depends on expanding university places and furthering participation in higher education¹³.

The rationale for outsourcing?

UNISON recognises the need to make improvements to the way in which the current Facilities Management, Catering and Conferencing Services run. The business case¹⁴ states that the University would like to address the following requirements:

- Improving the infrastructure on campus
- Improving the quality and conduct of the in-scope services
- Ensuring that the environment and services are scalable
- Ensuring the student experience is maximised
- Developing the technical, management and customer service skills of staff.

The University is currently seeking to outsource all of these services and the changes will affect 235 employees.

There are a number of associated problems with the whole scale outsourcing of services. This is sometimes seen as a possible solution to both budgetary pressures and the need to make investment into a service. Perceptions include viewing this as a way in which to transfer risk away from the organisation in question. Private companies are often cited as being more efficient and having a more professional image and therefore can run the service more effectively in a competitive market.

It is difficult to understand how a change in provider will automatically result in cost savings. The considerable amount of time and money in undertaking a procurement exercise must not be underestimated. This is often not accounted for when compared with the in-house option. The recent example of the Government tendering for the West Coast Main Line trains contract has highlighted the resources required in such processes, particularly when things go wrong¹⁵. Whilst this might be the case on a larger scale the principle remains the same. There are also costs of managing the contract that can often be overlooked. These costs should not be underestimated along with the potential consequences of not investing sufficiently in contract management. Outsourcing services can also lead to the loss of expertise and knowledge within an organisation. Making improvements to in-house services can lead

¹³Million Plus (2010) 'Annual Report 2009/10' (online) Available at http://www.millionplus.ac.uk/documents/reports/Annual_Report_2009-2010_FINAL.pdf

¹⁴ University of Sussex (May 2012), 'Business case for: extension of outsourcing in facilities management services and catering and conferencing services'.

¹⁵ BBC news 03/10/12 - <http://www.bbc.co.uk/news/business-19809717>

to real savings for the public purse rather providing profit for private shareholders. Risk is another important area to be considered and this cannot be completely transferred to the new supplier. There are still responsibilities for the financial and organisational risks involved. In addition any transfer of risk will come at a financial cost to the organisation. Decisions in relation to risk should be about who is best placed to manage the risk most effectively. Reputational risk is a key as the University is likely to still be seen as running the service, for example, an outbreak of food poisoning would still impact on the University as well as the contractor.

The examples below demonstrate that well run, efficient public sector organisations can offer value for money and meet the changing needs of its customers. APSE has been working with local government in the UK for over 30 years, in addition to working within the wider public sector including higher education and the NHS. There is a growing body of evidence to suggest that councils that have gone down the outsourcing route in the past have, in many cases, been disappointed by the performance of contractors¹⁶.

The social housing maintenance company Connaught provides an example of the difficulties experienced by councils where the outsourcing of a service proves problematic. The company initially appeared successful after winning a large number of contracts with local authorities. However, some of these contracts were loss making and the company was not winning sufficient additional contracts and was unable to secure funding to pay £220m of debt¹⁷. Connaught went into administration in September 2012 and left many local authorities in a difficult position forcing them to make emergency, more expensive short term arrangements.

Benefits of in-house service provision

Where things have gone wrong with private contractors many organisations have brought, or are in the process of bringing, services back in-house. APSE studies show in excess of 50 examples demonstrating that the main reason for councils returning services in-house was the poor performance of contractors^{18&19}. In many cases contracts have been terminated early, with cost implications for the council but more significantly, with little progress made towards greater efficiency. It is significant that decisions to end these contracts appear to be driven by entirely pragmatic reasons, essentially providers have failed to live up to expectation. Additional reasons cited included the need to have flexibility in the drive for value for money and quality service provisions. The research found that some services have been insourced as a result of an demotivated workforce which has contributed to poor performance.

¹⁶ APSE (2009), 'Insourcing: A guide to bringing local authority services back in-house'

¹⁷ BBC news 08/10/10 - <http://www.bbc.co.uk/news/business-11224398>

¹⁸ APSE (2009), 'Insourcing: A guide to bringing local authority services back in-house'

¹⁹ Report by APSE for UNISON (June 2011), 'Insourcing update: The value of returning local authority services in-house in an era of budget constraints'.

There are also examples of services being taken back in-house within the NHS. The Colchester Hospital University NHS Foundation Trust decided not to renew its contract with Carillion. Although the trust has indicated satisfaction with the recent performance of the contractor, 'On balance, the board felt that gaining greater control over our support services and being able to align these better with our clinical services was of great importance for the future development of our trust'²⁰. UNISON research²¹ found that in some cases the contracting out of cleaning services in the NHS has led to the lowering of standards. This can also have a negative effect and lead to the growth in hospital acquired infections. UNISON reported that 62% of hospitals with 'poor' or 'unacceptable' cleaning were contracted out²².

Other examples within the University sector include Queen Mary College²³ where the cleaning service had previously been contracted out. The majority of the cleaners worked for two hours a day for the minimum wage, minimum holiday entitlement, no sick pay, no pension and no compassionate leave. Staff reported having no official induction and no access to training, turnover was reported to be high and staff morale was low. The University responded to a campaign by the cleaners for a living wage, following which the decision was made to bring the bulk of the cleaning service back in-house, granting much better wages and conditions.

Only a third of respondents reported a change in the cleaning service since it moved back in house but of these, 83% reported service improvements. One of the justifications for the changes was the expectations of further improvements in the service in the future. Positive responses from cleaners included the increase in productivity (68%), increased supervision (63%) and completing a broader range of tasks (61%)²⁴.

Islington Council provides a cleaning service to over 100 buildings across the borough. The service was brought back in-house offering cleaning staff a contract and guaranteed London Living Wage and local authority terms and conditions as part of its commitment to making the borough a fairer place to live and work. The case study found that the changes led to improvements in the service and predicted savings of in excess of £100k. The Council's Director of Financial Governance and Transformation commented 'It costs money to manage an external contract. Both sides will have a contract manager, and the Council ends up paying for both. One advantage of bringing it back in-house is that the Council can save both of these costs'²⁵.

²⁰ Dr Gordon Coutts, Chief Executive, <http://www.bbc.co.uk/news/uk-england-esssex-14059612>

²¹ UNISON 'Dealing with privatisation'

²² UNISON 'Dealing with privatisation'

²³ Queen Mary, University of London (January 2009) 'The business case for the living wage: the story of the cleaning service at Queen Mary, University of London'

²⁴ Queen Mary, University of London (January 2009) 'The business case for the living wage: the story of the cleaning service at Queen Mary, University of London'

²⁵ Report by APSE for UNISON (June 2011) UNISON insourcing update: The value of returning local authority services-in-house in an era of budget constraints

These examples demonstrate that returning, or retaining, services to direct provision is a genuine option that should not be ignored. In the present case the absence of any consideration of whether an optimised in-house service would be a better alternative to outsourcing is a serious weakness in the argument to outsource the Facilities Management services.

Retaining services in-house negates the necessity to pay shareholders and allows resources to be retained within the service. This can lead to substantial savings for organisations. It offers public sector procurers flexibility, as opposed to being tied into long-term contractual arrangements, which are costly to change, as well as allowing organisations the flexibility to review their service and identify improvements in process and efficiency savings to their own direct benefit. This is particularly important in the current economic climate. Public services organisations also needed to be assured that whoever is delivering the service is financially robust and accountable²⁶. Certainly the issue of accountability has been raised by the Students Union as a concern.

APSE understand in the current economic climate public sector organisations are under increasing demands to improve efficiency, save money and where possible look at alternative methods for generating income. It is also appreciated that in order for public services to meet this challenge combined with the necessity to deal with changing priorities, such as a growing student population, doing nothing is not enough.

These options both provide a selection of alternative ways of which the University can continue to meet its strategic aims without a need to outsource the total Facilities Management service. UNISON have identified that the University has gaps in its planning capability and as a result some poor decisions are being made. These options may also provide additional benefits to the University.

Service re-design

The University stated that one of the key drivers for procurement is to meet the needs of its students by providing demonstrable value for money, improving the student experience through improved properties, environment and services and enabling opportunities for part time employment. This option seeks to review and re-design the service to meet demand with a view to improving processes and realising efficiency savings. The model looks to identify different processes within an organisation and identify possible duplication of resources wasted effort and avoidable demand. APSE has been successful in identifying significant savings using this approach. The benefit of this approach is that these savings stay within the organisation rather than benefiting the private contractor were the service outsourced. In order to achieve this, the services in question need the necessary information to provide an evidence based baseline of their current position in terms of both financial and performance data.

²⁶ APSE, June 2012 'Proposed Outsourcing of Catering Facilities Management

Example One – Building Cleaning – Fire Authority²⁷

APSE undertook a project to examine the current service delivery arrangements for building cleaning across 41 fire stations, headquarters and the training centre for one fire authority. The Fire Service has undergone a significant transformation over recent years with the focus now being on fire prevention. As a result Fire Fighters tend to be based more in the community and are seldom in the fire stations.

APSE was able to explore and identify potential opportunities for cost savings and service efficiencies through changes to business process with pressure to make savings of 30%. In addition recommendations were put forward to ensure that decisions made were informed by a full understanding of the effectiveness, capacity in and prospects for in-house transformation. In order to meet these changing needs the cleaning service refigured from 10 boroughs to five clusters. This work included undertaking a review of the frequency and method of cleaning to streamline activities, reduce duplication and costs to the Fire and Rescue Service.

Example Two – Facilities Management – Scottish Council

APSE was pleased with the result of the Integrated Facilities Management (IFM) Public Sector Comparator (PSC) after Members of the Scottish Council voted for the provision of the service to remain in-house. APSE was invited to work with the IFM project stream of the PSC to undertake some introductory workshops with services to facilitate consideration of this opportunity in the current environment. The Council's decision to not to pursue plans of entering into a partnership with a private contractor was strongly influenced by the PSC put forward by APSE, recognising the rationale and benefits identified and the steps to achieve them. As a result of the PSC the IFM team developed an internal proposal that gave the Council the ability to truly transform the current fragmented FM service provision. This offered the opportunity to manage IFM services through a single organisation that is mandated as the Council's FM expert to design, manage, deliver and commission effective, economic and efficient FM services. APSE is now confident that the service(s) can be transformed to deliver not only saving in excess of 25% of current budget but also to create an improved sense of 'customer' satisfaction and end user experience.

APSE envisages an integrated service which brings together all relevant activity into a single user oriented FM organisation as the basis of the vision. The key to delivering it will be to design the service around the needs of building users. Streamlined supervision and management arrangements will be appropriate to managing the service that is required, as opposed to being designed around the existing structure and the emphasis will be on avoiding unplanned for provision and a right first time response. Full consultation with staff and UNISON is recommended as part of this process.

²⁷ APSE Solutions (June 2012) Newsletter Issue 41 - <http://www.apse.org.uk/consultancy/newsletter.aspx>

Procurement processes

Within the current policy context there remains significant differences between councils in developing effective procurement strategies and approaches, which are often due to local capacity. The following examples show the possible benefits associated with procurement.

Example Three - Effective Supplier Management²⁸

A council in the East Midlands embarked on its transformation programme three years ago. Over this period the Council has realised savings of £3.5 million from a procurement perspective. This has been achieved in part by improving its approach to supplier management. As a result, the Council now takes full advantage of supply based intelligence to drive corporate savings, improve quality of service and provide total transparency.

Through a hosted solution²⁹, savings of £500,000 were achieved in 2009/10 alone through the implementation of rigorous and rigid controls to a range of procurement processes. The solution captures a range of supplier information consolidated into a single view of activity. Key benefits include:-

- Direct cost savings and increased capacity
- A clean category mapped and segmented supply base
- Control over the number of suppliers

The Council is now creating new opportunities to increase broader public service collaboration in that it will be the stand alone procurement hub/gateway for all public sector agencies operating within its boundary.

Example Four – Procurement savings used to fund a transformation programme³⁰

A large council in Yorkshire with external support identified the opportunity to secure procurement savings as part of its transformation programme. Detailed work was commissioned in the form of a business case, which identified a substantial savings target of £23.5million by 2011. The target was particularly challenging given the numerous internal stakeholders and disparate sources of data and a devolved decision making process. Savings of £17 million have been generated to date primarily through deep commodity reviews, standardisation of process and a revised organisational arrangement for procurement which places emphasis on designated procurement

²⁸ APSE (August 2010) 'Efficiency gains through more effective approaches to public procurement' APSE briefing 10-41

²⁹ A hosted solution typically refers to one where the application — customer resource management (CRM) and enterprise resource planning (ERP), in this case — and the hardware that it runs on are provided to you as a turnkey solution by a third-party application service provider

³⁰ APSE (August 2010) 'Efficiency gains through more effective approaches to public procurement' APSE briefing 10-41

officers who are skilled in the process and work alongside the respective services.

Pick and mix approach

This looks to outsource some more 'specialist' areas only and retaining others in-house. This approach needs to be treated with caution as there does not appear to be a strong rationale for outsourcing some services but not others. Many of the arguments apply just as much to one group of staff as another. There are also potential risks of fragmenting the service utilising this approach. It is also difficult to see how this approach would assist the University in enhancing its planning capacity. There may also be additional procurement costs and the resulting contact management costs need to be considered. Each service area would need to be examined on its own merits with a full, evidence based, options appraisal undertaken.

A partnership approach

Recent years have seen an increase in partnership approaches within the public sector. Working with the private sector is often seen as a positive strategy to bring investment and jointly owned trading companies are one way of doing this. This model is seen as advantageous as it represents the opportunity to raise external income through external trading taking a commercial outlook. However, possible pitfalls include; the option for staff to be employed on different terms and conditions to universities, application of procurement rules, increased transactional costs and the issue of how profits are distributed. An example of this is Dundee University who undertook a joint venture company (JVC) with private operator Sanctuary Management Services to construct a new hall of residence³¹. The halls failed to attract sufficient students and the JVC recorded losses in sequential years. The University has had to provide funding to the company from its own revenues.

This option does not necessarily meet the University's requirements if investment is needed. It must be remembered that private sector companies are unlikely to invest in an initiative without guarantee of a return.

Most higher education institutions in the UK have charitable status, as such many institutions look to establish trading companies to generate commercial income³². Some specific ventures could be managed through subsidiary companies. In this case it is important that the relationship between the company and the institution is clear and that the company has the necessary independence to operate commercially. Sheffield University is planning to create a company to run new shops, cafes and conference venues. Staff joining the company will be recruited by a wholly owned subsidiary company of Sheffield University called Sheffield Trading Services. It is envisaged that

³¹ UNISON 'Dealing with Privatisation' presentation - www.unison.org.uk/file/A14142g.ppt

³² Leadership Foundation for Higher Education - www.lfhe.ac.uk

the company will provide a 12% saving and will turn over £4million a year³³. Criticisms of this scheme surround the decrease in salaries and terms and conditions for staff joining the new company.

Before entering down any of these routes the University would need to take legal advice. Full consideration of each option is required before deciding on the most appropriate way forward.

External expertise

This could be provided by buying in management expertise. It is difficult to see how the private sector would be able to provide more knowledge and experience in the FM fields than public sector colleagues. Interim managers can often provide considerable expertise for a particular area and assist organisations in responding to challenges. It is of paramount importance though that this is taken as an opportunity to up-skill employees and builds internal capacity for the University so that in the long term the organisation has these skills internally and does not have to pay over the odds for them.

Example 5 – Catering - Welsh Council³⁴

After concerns were raised by both councillors and senior management at a local authority in North Wales regarding the trading position and future direction of the Facilities Services Unit APSE was commissioned to provide an interim manager and a report recommending future actions. That report and the information taken from the Head Teachers and Parents surveys, suggested satisfaction with the quality of food and staff seemed high within the school meals service.

The interim manager was also responsible for making the service realign with their budgets, review structures and improve payment systems. A key role of the interim has been to work with the managers and supervisors to develop their skills and increase their understanding of the changes and the role they play. The interim has also designed a new management structure with the aim of being both flatter and leaner in approach. An exit strategy will be finalised to ensure the service remains agile and in a better position to deal with challenges of the future.

Public / public shared service

This could include working with other Universities, local authorities, the Police or Fire Service to share Facilities Management functions. Joint working through collaboration and shared service provision has been the focus of much attention across public services in recent years. Shared services are often seen as a means of gaining economies of scale, whether this is through shared management, shared investment or

³³ <http://www.timeshighereducation.co.uk/story.asp?storycode=420756>

³⁴ APSE solutions (November 2012) Newsletter Issue 43 –
<http://www.apse.org.uk/consultancy/newsletter.aspx>

shared risk. They can be used to pool knowledge between organisations whilst retaining local sovereignty³⁵. In order to succeed the benefits need to be identified and realised for both customers and stakeholders.

APSE has undertaken research into shared services and collaboration³⁶. The research found that there is no 'one size fits all' approach to shared services. For shared services to work successfully it is critical that collaboration reflects local circumstances and local priorities. Ensuring risks are fully appreciated, managed and minimised within the shared services approach. The more complex and ambitious the model, the greater the risks and thus the potential for failure.

However, it cannot be presumed that savings will be realised simply through economies of scale. Whilst some approaches can deliver greater efficiencies through for instance sharing of overheads and costs and reducing duplication of resources and facilitates, there are other factors to consider. Public sector organisations need to think about functions and services in terms of a 'system' that links defined outcomes and outputs to the inputs necessary to achieve them. Avoiding 'failure' demand and focussing on economy of scale is crucial to driving out inefficiencies and meeting expectations and need.

Workforce matters

There are currently 235 members of staff in the University who will be directly affected by these proposals. This is key for UNISON and other unions to ensure the best possible outcome for existing and new employees should the proposals go ahead. At this stage the necessary details for employees to understand what these changes will mean for their own jobs is absent.

The business case³⁷ suggests that staff will transfer to new structures under TUPE³⁸ regulations. It is recognised that staff will have concerns about the process and how they will be personally affected by the process. As such the University has engaged Magenta Associates³⁹ to consult with staff and provide support and information through questionnaires and focus groups.

³⁵ APSE briefing 10/40

³⁶ APSE (March 2012) 'Shared services and collaboration working in a Welsh context: Applying theory to practice'

³⁷ University of Sussex (May 2012), 'Business case for: extension of outsourcing in facilities management services and catering and conferencing services'.

³⁸ Transfer of Undertakings Protection of Employment (TUPE) Regulations 2006 are designed to ensure that workers do not lose their jobs or otherwise suffer a detriment when an undertaking in which they are employed transfers to a new provider. The regulations operate as a matter of law and as an individual right

³⁹ Magenta Associates (31 July 2012) 'Report from Facilities Management Focus Groups at the University of Sussex'.

Focus groups have been run for staff, as well as the wider academic, non-academic and student community with the aim of receiving genuine feedback from stakeholders about the current service. It is also to gain ideas about the current service and about the future, which will be fed into the contract procurement process. There is concern over the lack of attendance at workshops with only 36 participants at eight workshops⁴⁰.

There were ten questionnaires completed by staff in the FM services covered. This is a very low response rate given that around 235 staff are affected by the changes and as such the views of the majority of staff are not included. It is unclear what the reasons for this, perhaps problems with the process or disengagement of effected staff.

The majority of the questionnaires reported issues between staff and management, need for training and the feeling that there are not enough employees currently. Some issues were raised e.g. time taken to attend to reported maintenance issues and lack of follow up where problems occur. There were also a couple of comments that some staff have poor interpersonal skills and need to deal with people better and that there is a need for better planning e.g. for events.

Unfortunately, although the questionnaires provide useful contextual information they do not provide sufficient detail that could be used to inform the service improvement process. Clear communication and consultation is imperative when going through a period of change, this should also include liaison with the trade unions, in this case UNISON.

It is also necessary to get confirmation from the employers on the impact the changes will have on individual staff member's pension rights. Whilst in December 2011, Chief Secretary to the Treasury, Danny Alexander said that, as part of the 'heads of agreement' on reform of public service pension schemes, the Government would 'retain the fair deal provision and extend access for transferring staff'. Clarity needs to be provided from the proposals to ensure transferring staff would be protected in pension terms. Moreover details are needed on how the proposals would meet obligations under the Pensions Act 2004 and the subsequent regulations. It is likely that the preferred option for staff would be to retain their existing pension scheme but in the absence of that option an actuarially assessed equivalent scheme. This area is currently being considered by the Government in conjunction with trade unions and may change in the foreseeable future.

Public organisations have a legal duty under the Race Relations Act (2000), Disability Discrimination Act (2005) and Equality Act (2006) to undertake race, disability and gender impact assessments on new and existing policies and procedures when an organisation is planning to change or introduce new services. It is positive that these have been provided for both staff and students in relation to the proposals. The assessments state that an evaluation of bidders' equality policies, training and practice will be built into the procurement process.

⁴⁰ Magenta Associates (31 July 2012) 'Report from Facilities Management Focus Groups at the University of Sussex'.

UNISON need to be aware of these issues, in particular the continuing importance of keeping members informed throughout this process. Should the proposals go ahead the above points need to be considered to get the best possible outcome for members in each possible scenario.

Making a business case

APSE Solutions utilises a five case approach to business case development to ensure that all key factors are taken into account and in particular that a compelling strategic case does not preclude consideration of other critical factors. The headings can vary depending on context but can be summarised as:

- **strategic case** – does a proposed option contribute to the better achievement of key objectives?
- **commercial case** – is a proposed trading activity likely to succeed in a competitive environment?
- **legal case** – is what the University proposes to do lawful?
- **financial case** – is the proposal affordable in both capital and revenue terms?
- **technical or operational case** – does the organisation have the necessary skills, including management capacity to be successful?

It is also imperative to include a risk assessment and mitigation strategy. Each element must be present if a business case is to be capable of being evaluated. This strategy is useful when considering each of the potential options.

Moving forward

Universities continue to face a number of completing challenges in the current environment. Having the necessary facilities management and catering services in place is a fundamental part of the support services.

A review may be one way in which to examine the options, including assessing recommendations for the future of the service. This could take into account the principles of lean thinking and apply them to a public service environment. It would allow the University to identify different processes with the view to identifying improvements and efficiency savings through the possible duplication of resources, waste effort and avoidable demand. By deploying a range of techniques this can dramatically cut steps in the supply chain, make significant savings and improve the experience of the service users. The logic of this type of approach is essentially to properly understand the way in which a service currently works before it is possible to determine how it might work more effectively and efficiently in the future.

Student perceptions and needs also need to reach decision making platforms. Students make up a majority of the customer base and are integral to assessing the strengths and weaknesses of services. As such it is essential to incorporate their ideas when designing an improved in-house service or looking at other possible options. It is important to

capture the identity of the University and its students, Sussex University has a strong ethos for enhancing the local community and business, boosting their skills and capacity to meet local needs⁴¹.

This paper has looked at a number of viable alternatives to outsourcing and in particular outlines the benefits of re-designing the service in conjunction with staff, customers and UNISON colleagues.

⁴¹ <http://www.sussex.ac.uk/aboutus/> (Sussex, 2012)

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