



Getting ready for the changes ahead

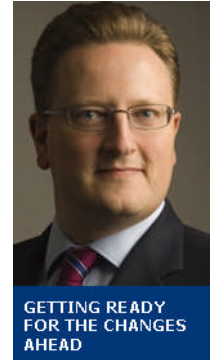
3 June 2010 | By Mark Johnson

Mark Johnson assesses the impact of Con-Lib Dem policies on partnership working and outsourcing in local government.

Where will opportunities lie for partnerships and outsourcing in local government in this age of austerity? The review of capital spending programmes, as well as scrutiny of public service delivery methods, indicates a greater role for the private and third sector.

Sharing back-office services may experience a renaissance as a way of enhancing the efficiency of corporate support functions

As facilitators in this new market, the emphasis for councils will be on better procurement and contract management. Reorganisation and outsourcing of functions may lead to workforce issues as staff transfer contracts and pensions to new providers.



Back-office and procurement functions will be scrutinised, as well as the way councils use property estate and infrastructure. Projects that extract value from property portfolios will be in vogue.

Joint ventures

Local asset-backed vehicles have generated interest, with a trailblazing scheme in Croydon last year. These have created special purpose joint venture vehicles between councils and developers into which property assets can be transferred, with the council sharing in the gains.

Sharing back-office services may experience a renaissance as a way of enhancing the efficiency of corporate support functions, such as finance, human resources, IT and procurement. These could be council partnerships or joint ventures with private sector service providers.

The Department for Education seems set to freeze all Building Schools for the Future projects yet to appoint a preferred bidder. The nature of the test for having 'appointed a preferred bidder' is crucial.

Schools

The Conservatives' plans for 'free schools' continue, as does the academy schools programme. Groups of teachers, parents and charities will be able to set up government-funded schools that are free to offer what parents want.

Future public service partnerships may involve greater personalisation of services

New legislation is being brought forward to allow high-performing secondary or primary schools to become academies. This should create a dynamic market for school places and supporting services.

Capital spending programmes will be hit, with scarce resources targeted at priority infrastructure, such as social housing and waste management. New project-financing techniques, such as municipal and community bonds, may emerge to supplement private finance initiative and prudential borrowing. However, partnerships focused on service remodelling may increase in number and variety, to deliver efficiencies.

Future public service partnerships may involve greater personalisation of services, leading to payment mechanisms linked to 'social return' on investment, rather than inputs or outputs. Increasingly, we may be asked to make co-payment towards services, inevitably transforming us into more assertive consumers, rather than passive recipients.

Authorities must consider their strategy and resources for adapting to this new landscape.

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