



# **Proposed outsourcing**

**An update for Council members and an urgent call for action from the campus unions and students' union at Sussex University**

## **Proposed outsourcing: an update for Council members at Sussex University**

In this briefing, the campus unions and the students union explain why we are calling for an emergency meeting of the University Council and a 'gateway review' of the procurement process.

### **NEW EVIDENCE THAT OUTSOURCING IS TOO RISKY**

Last year, we circulated a briefing for Council members explaining the risks being taken by the university's management in pursuing its proposals to outsource its services in estates, facilities and catering.

In December 2012, new and damning evidence on outsourcing was published by Social Enterprise UK, the national body for national membership body for social enterprise.<sup>1</sup>

The report found that:

**"There are extraordinary risks attached to the way that public service markets are being developed."**

**"A 'shadow state' is emerging, where a small number of companies have large and complex stakes in public service markets, and a great deal of control over how they work. Transparency and genuine accountability are lacking."**

**"the way outsourcing has been done in the last couple of decades has created a major problem. It has left the Government buying services in a market and using contracts that are far too heavily weighted in favour of the companies they are buying from, and their shareholders."**

**"The drive to cut costs and maximise profit incentivises businesses to act in ways that are inconsistent with Government aims."**

**"there is growing recognition of the fact that the seemingly cheapest option can often, in the long run, end up being the most expensive."**

We believe that this report adds yet more weight to the case that the university has rushed into a decision to outsource without due consideration. This is why the unions, together with the Students Union have continued to oppose the proposal to outsource services at Sussex. We believe that this is an unsafe proposal.

### **CONTINUED FAILURES OF PROCESS - IGNORING OF BEST PRACTICE**

In spite of our opposition, the campus unions have continued to attempt to engage with management to ensure that the process of procurement being used is safe and draws on best practice established elsewhere.

From the start, the process adopted by the university management has been profoundly flawed. In clear breach of established good practice in procurement using publicly accumulated assets:

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<sup>1</sup> [http://www.socialenterprise.org.uk/uploads/files/2012/12/the\\_shadow\\_state\\_3\\_dec1.pdf](http://www.socialenterprise.org.uk/uploads/files/2012/12/the_shadow_state_3_dec1.pdf)

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- Staff and their unions were only informed of the proposals once the tender document had been published, in clear contravention of basic public sector good practice.
- Unions have been consistently prevented from gaining access to vital and basic information on workforce matters – information that has been passed to bidders. Access to this information is vital if the unions are to represent and protect their members. Again, it is basic good practice to release such information to the staff unions.
- The university management have ignored recommendations contained in the independent APSE report that would have enabled it to conduct a proper review of its service and avoid these errors.

The management may claim that the University of Sussex is not a public sector organisation. Yet it is and has been in receipt of substantial flows of taxpayers money and has accumulated assets on the basis of these large-scale public contributions over decades. **In this sense, the University is a steward of public assets and funding and has a responsibility to act as such.**

**We have no confidence that it is doing so and we believe that it is taking enormous and irresponsible risks with these assets.**

### **THERE ARE ALTERNATIVES**

There has always been a better way to do this. UNISON commissioned an independent report from the Association for Public Service Excellence (APSE) which offered the University management advice on how to conduct a proper review of its services and the tools with which to conduct a genuine assessment of whether outsourcing is the best option. The University management ignored this report.

A second APSE report has now been commissioned. This paper:

- reiterates the importance of involving staff in the redesign of services
- notes that the business environment in which the university is making decisions has changed markedly
- argues for the importance of considering a range of options including redesigning the service and considering alternative service delivery models to outsourcing
- stresses, in common with the findings of the Social Enterprise UK report, the importance of basing a business case for the future of services on a full range of factors and not just immediate cost – who can bid the lowest.

### **THIS IS THE LAST CHANCE TO GET THIS RIGHT**

The University is now running out of time to get this process right. The procurement process is almost complete. If the contracts are signed, power will pass decisively over to the successful bidders and the ability of the university to effectively manage the risks involved will disappear.

Our previous briefing to you laid out many of the risks that will be entailed on the university by any decision to outsource services. As the Social Enterprise report makes clear, this is even more widely understood now than it was when we first wrote to you.

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We are appealing to you as custodians of the property and revenue of the university – assets and funds that have been passed into its keeping in large part by the wider public – to take action now to protect the reputation and future of the institution.

### **WHAT WE ARE CALLING FOR**

We are calling for the university to initiate a ‘gateway review’ of the procurement process. This is a commonly used in major procurement processes as a way of testing the robustness of proposals in rapidly changing market conditions. We believe that the unprecedented drop in student application numbers, among other factors, more than justifies such an approach.

In our view, this is the very least that the university management could do to proof its proposals against the appalling risks it is taking and to protect the finances and reputation of the university of Sussex.

However, we have no confidence that the management are prepared to do this.

For this reason, we are also asking you to support the call for an emergency meeting of the University Council to consider the issues raised here and to mandate the university management to begin a gateway review. This is an issue of extreme urgency and time is running out.