

STOP POLICE PRIVATISATION



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Police privatisation and how to stop it

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All other photos: *Chris Taylor, Rick Gamble and UNISON members.*



This report is dedicated to the memory of Bob Jones, CBE

- UNISON member
- Police and Crime Commissioner West Midlands Police

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UNISON's 'Stop Police Privatisation' Campaign has got results. It has held back the privatisation of police services and demonstrated that well-planned, local grass-roots campaigning by UNISON police branches can keep policing in the public sector. As a union we are sometimes not good at celebrating our successes, but the campaigning stories set out in this guide show that our 'Stop Police Privatisation' campaign has been a real success.

When he spoke to the police superintendents' conference in September 2013, the police minister Damian Green said:

'The days of the police being suspicious of the private sector should be over'

But the minister already presumably knew that his colleague, the justice secretary Chris Grayling, had started his far reaching audit of the performance of G4S and Serco on their Ministry of Justice electronic tagging contracts. This audit was to lead to:

- G4S being referred to the Serious Fraud Office
- Price Waterhouse Cooper finding that systematic over-charging of the tax-payer by both G4S and Serco on their tagging contracts went back at least as far back as 2005, and possibly back to 1999
- both firms losing their tagging contracts and the work being given to Capita instead.
- The City of London Police asked to investigate allegations against Serco in relation to its prison escorting service
- a central government review of all G4S and Serco contracts
- G4S and Serco being banned from participating in the major procurement to privatise the probation service in England and Wales.

Against this background, the police minister's hope that police suspicion of the private sector was on the wane was hopeful to say the least. But he went on to cite the work of IBM/South West One for Avon and Somerset Police, Steria at Cleveland Police and G4S for Lincolnshire Police as evidence that police privatisation is still '... very much alive.' All three contracts are still in operation, but as this report sets out, there are important questions to be asked of all three operations.

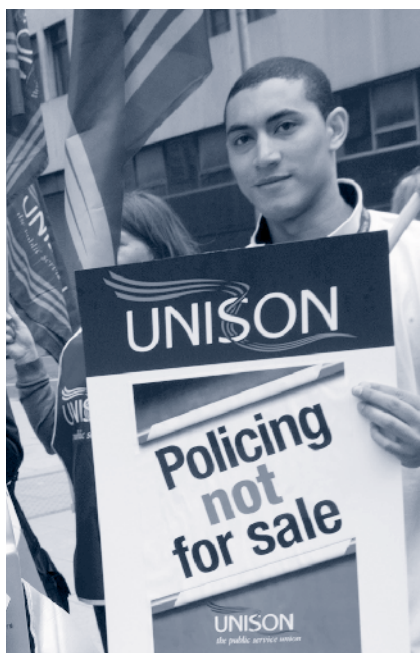
This report has been prepared for UNISON by the Association of Public Sector Excellence (APSE). The description of the police branch campaigns against privatisation in Section 7, was written by Narmada Thiranagama, from UNISON. Thanks are due to both, as well as to the UNISON Bedfordshire, Cambridgeshire, Hertfordshire and West Midlands police branches for their campaign stories. This report stands as a testimony to their success.

Introduction

This report has been produced as a practical resource for UNISON's on-going campaign against the privatisation of police services. It provides police branch activists with information and analysis in sections that are designed to:

- explain outsourcing arrangements
- discuss the current outsourcing market
- set out a viable alternative and suggest future actions.

It includes a series of evidence based arguments in checklist form, which can be used to help campaign against outsourcing and promote a positive in-house alternative to privatisation.



John Harris/reportdigital.co.uk

Section 1 discusses the background to outsourcing in the UK public sector and its implications for police support services. It describes both the ideology and the practice of outsourcing and considers the different models of outsourcing that are currently in vogue in the police service. It sets out some of the lessons learned so far and briefly outlines the alternative to outsourcing.

Section 2 looks at the current outsourcing environment in the police service. Using contemporary sources, it sets out where various police forces are at present in relation to the outsourcing agenda. The section contains a table which summarises where different police forces are positioned in respect of outsourcing.

Section 3 provides detail on current outsourcing in the police service by reference to three case studies:

- Avon and Somerset Police – Southwest One joint venture with IBM
- Cleveland Police – outsourcing to Steria
- Lincolnshire police – outsourcing to G4S.

The case studies discuss key issues arising, demonstrate lessons emerging from the outsourcing of police support services functions in each instance, and provide a summarised critique of weaknesses in the procurement process and outcomes.

Section 4 of the report looks in detail at the procurement issues and challenges arising from the framework contract set up in Lincolnshire with G4S. It describes the procurement approach using competitive dialogue and highlights some of the problems with using the framework contract for other police services. It identifies areas UNISON activists should seek to explore with employers when faced with proposals to use such a framework.

Section 5 sets out the alternative to outsourcing in detail. It is often argued that outsourcing a range of police functions is the only way in which the level of savings required by central government as part of its austerity drive can be achieved. This section describes how, by using the sound principles of 'lean thinking' and service redesign, UNISON activists can put forward proposals for an in-house service that can achieve efficiency savings as an alternative to outsourcing.

Section 6 then sets out the stated position on outsourcing of all police and crime commissioners (PCCs) in England, drawn from their manifesto pledges and public statements. This is designed to assist UNISON branches in lobbying PCCs where

outsourcing proposals are being put forward. It also looks at the issue of PCC transparency on contracts.

Section 7 describes the successful campaigns against police privatisation which have been run by UNISON police branches.

Section 8 provides conclusions and final action points.

Section 9 provides further reading and references. The report is designed for UNISON branches and activists and should be used in conjunction with other resources available from UNISON, which include the Guide to Commissioning and Procurement.

Section one

Background to the public services industry and police service outsourcing

Key messages checklist

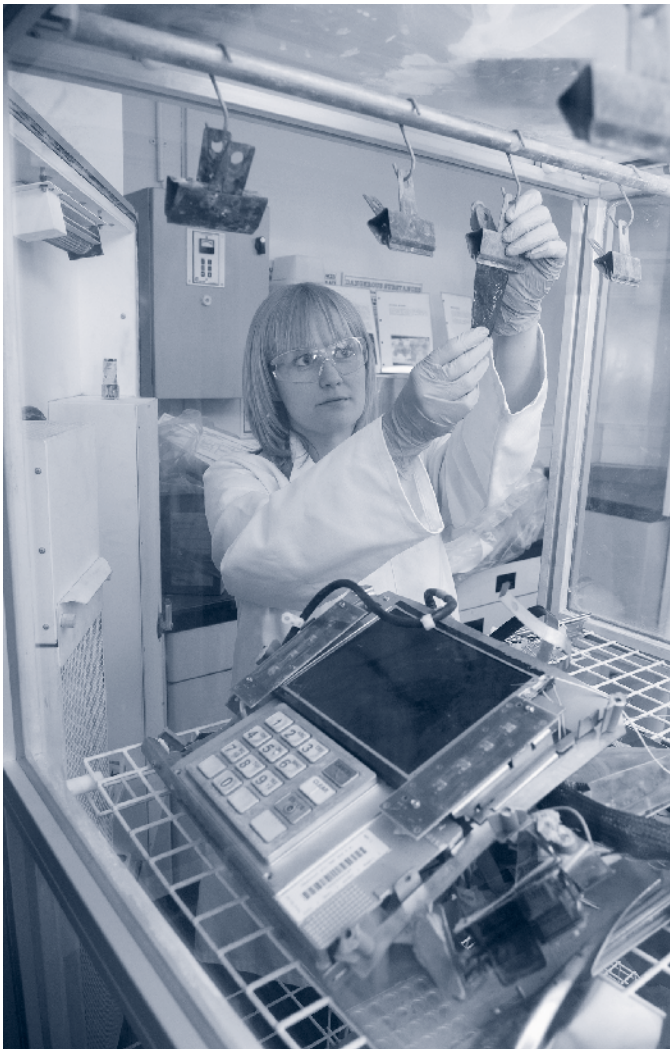
- Public services outsourcing is driven by an ideological belief that competition and markets can deliver cost savings, efficiencies and service improvements, but there is little evidence to support many of the claims about the superiority of private sector provision of public services.
- There are a number of outsourcing models used in the public sector, but police business services outsourcing has so far involved the setting up of joint venture vehicles or incremental partnerships to deliver a range of support services.
- Police business service outsourcing is subject to the procurement rules set out in the Public Procurement Regulations 2006, which require public authorities to open up service contracts to competition from across the European Union where they are seeking to use an external supplier.
- The procurement rules are often very onerous and police authorities have sought to use 'pre-procured' frameworks, as in Lincolnshire with G4S, to extend outsourcing to other police authorities.
- The business cases for outsourcing models are often very flimsy and the case for the in-house alternative is seldom robustly developed.
- There are serious issues about future governance arrangements and accountability in many of the outsourcing deals that have already taken place or are being negotiated.

Introduction

The rapid growth of the public services industry in the UK has its origins in the public expenditure crisis of the late 1970s. IMF intervention in the UK economy brought with it exposure to the strongly pro-market thinking that had come to dominate world financial institutions. This, in turn, influenced the social policy of the Thatcher government; Compulsory Competitive Tendering (CCT) for local government, market testing for the civil service and the Private Finance Initiative (PFI) were all clear invitations to the private sector to get involved in services that had hitherto been the preserve of direct delivery.

By 1997 the opening up of public services to private companies was well underway and the incoming Labour government did nothing to halt the trend. By 2008, the industry was believed to be worth £79bn per annum⁽¹⁾. Many expect the current austerity drive to lead to a further increase and crucially to a further blurring of the lines between which services should remain fully public and those that are considered appropriate for private companies to take on.

Private sector involvement in UK police services has until recently been relatively minor. This probably reflects a high level of public resistance to the involvement of private companies in the provision of a key universal public service. Even now, when many forces are actively pushing against the boundaries of what is acceptable, politicians feel moved to reassure the public that the functions of warranted officers will not be included in contracts (see section 6 – the position of police and crime commissioners on police service outsourcing). The fact is that since 2002 a number of core police roles have been civilianised and are therefore vulnerable to outsourcing. The Police Reform Act of that year enabled the creation of police community support officers (PCSOs) and also allowed for the possibility of private companies to be given powers to detain and escort suspects who have been arrested. In fact, other than the power of arrest, there is no element of policing that cannot, in theory, be contracted out.



Chris Taylor

2. Why outsource?

(a) Ideology or pragmatism?

The arguments in favour of outsourcing, range from the highly ideological, 'private good/ public bad', to the allegedly pragmatic, 'private efficient/public wasteful'. However, ultimately the case for the increased use of private contractors rests on basic assumptions about the ability of markets to optimise the allocation of scarce resources.

In the UK there is a high degree of public consensus about the value of the universal welfare state. However, supporters of privatisation have used sophisticated arguments, that seek to separate planning and strategy from service delivery itself, to justify the creation of supplier markets in all aspects of public services. This has most frequently been justified in terms of cost savings rather than by ideology.

The separation of roles into purchaser and provider has enabled supporters of contracting out to avoid accusations of privatisation, although the rise of 'commissioning' has greatly extended the reach of private firms.

Over recent years the role of the purchaser has become more and more strategic. Under compulsory competitive tendering (CCT), council clients specified exactly what contractors had to do and closely managed performance. Modern contracts are usually specified by outcome and contract monitoring is expected to be extremely light touch. In this way, contractors are expected to take a greater share of risk and are judged on the outcome of what they do, rather than how they do it. One result of this is a vastly reduced requirement for directly employed 'client side' staff, with increased ability for contractors to operate outside of the direct control, or even scrutiny of the public sector itself.

(b) Developing a business case

Business cases for contracting out invariably focus on the financial case and this is no different for the recent wave of arguments for outsourcing elements of policing. Essentially, the case is that public spending has to be cut, policing has to bear a share of this and the only way that this can be done, without cutting front line policing, is to bring in the private sector.

How bringing in the private sector is supposed to save money is sometimes difficult to understand, but the key assumption is that private sector companies will do things more efficiently because they are forced by competitive forces to work out the most cost effective approach. This argument is supplemented by the notion of risk transfer, i.e. that where a contractor fails to deliver promised savings, it will stand the financial impact of this itself rather than passing it on to the contracting authority. Risk transfer is supposed to guarantee savings and avoid the argument that if a private company can make savings so could one that remains in-house.

Under the general heading of efficiencies, there are two main ways that contractors aim to cut costs:

- Firstly, and inevitably, given the labour intensive nature of many of the services concerned, the new provider will seek to reduce staff costs. This does not necessarily mean a reduction in basic salaries; it could mean improvements to productivity, ie fewer staff dealing with the same, or increased volumes of work. In most cases, bids are also predicated on future reductions in pension liabilities; as even where a contractor joins the local government pension scheme (LGPS) it is usually on a 'closed' basis, meaning that future employees will be offered less generous schemes.
- Secondly, an incoming provider is likely to try to reduce cost by improving the way things are done. This may be achieved through the redesign of business processes or by economies of scale through sharing management and other overhead costs.

Chief constables, police authorities, and more latterly, police and crime commissioners have been presented with business cases that promise dramatic, guaranteed savings in cost, against an alternative of deep cuts to front line policing. They may well believe that they could deliver efficiencies for themselves but these would not be guaranteed. It is hardly surprising that this has proved a difficult offer to resist and in some quarters there was a willingness to consider transferring a wide scope of functions in an effort to maximise savings. Cleveland Police Authority, which was among the first to enter into an arrangement with a private provider, civilianised a raft of functions in an apparent effort to maximise the range of activities that could be handed over to its private partner, Steria.

Most contracts of this nature incentivise volume by creating a relationship between the amount of work that is contracted to the provider and the level of promised savings. In this way, the so called incremental partnership model, where more and more services are transferred as the contract goes on, is able to develop its own internal momentum.

3. Outsourcing models

There are a large number of models that can be used for outsourcing. The most common are:

- (1) term contracts with a defined volume of activity
- (2) incremental contracts where the volume of work increases over the term
- (3) joint venture arrangements where a company is created with shared ownership

These models are not mutually exclusive and elements of each of them are present in the recent police outsourcing contracts. The Cleveland/Steria deal is most easily categorised as incremental while the Lincolnshire/G4S contract is closer to the *defined volume model*. Avon and Somerset's Joint Venture with IBM, Somerset County Council and Taunton Deane Borough Council is partly incremental in nature but is most clearly characterised by an intention to trade more widely in a bid to create external revenue streams. The joint venture company they have created is known as SouthWest One. It is majority owned by IBM but the public authorities also have an equity stake in it. This means that they can receive a share of any profit the company decides to distribute but it also means that they share (in proportion to their respective stakes) commercial risks.

4. Public procurement

Public contracting is subject to a strict legal regime. Aside from general obligations applying to the use of public funds, public authorities must also comply with the detailed requirements of the European directives that give force to European Treaty obligations concerned with the creation of a single market. These are incorporated into UK law through the Public Contract Regulations 2006, which lay down the procedures that must be followed when public bodies let contracts. In many cases, open competition is an absolute requirement. For contracts of lower value (currently below £176,000 for services) and for services not considered to be of cross European interest, the requirements are less absolute, but still open to potential challenge from would be providers not invited to bid. In essence, it is reasonable to state that there is a general requirement for public contracts to be advertised across Europe and awarded in accordance with the procedures set out in the Public Contract Regulations.

The onerous nature of these procedures can make the option of using a 'pre-procured framework' attractive. Framework agreements are let by one public body following the full competition process but are available thereafter for others to use without the need for further competition. The UK government has let a number of multi-supplier frameworks on behalf of local authorities, but it is the Lincolnshire Police Authority framework with G4S which was of interest to a number of police authorities when it was first let in April 2012. This is discussed in more detail in Sections 3(c) and 4 of this report.

The high profile failure of G4S in relation to its Olympic Games contract in 2012 gave other forces cause to reflect, and Hertfordshire, Cambridgeshire and Bedfordshire police forces, which were considering using the Lincolnshire framework, through a joint procurement, eventually decided against joining. The police authorities at the time each agreed to leave the final decision to the incoming police and crime commissioner. In Bedfordshire's case a genuine attempt was made to develop a directly delivered alternative (See Section 5 – The in-house alternative).

Business cases presented to the three police authorities in June 2012 were short on detail and in particular made limited reference to the detail of the Lincolnshire contract. This could suggest that those developing the business cases were not fully familiar with the way the framework agreements operate. The critical point is that the rates and other terms that make up the original offer cannot be renegotiated for those seeking to use an existing framework. Procurement law does not allow post tender negotiation as this would undermine free and fair competition. Given this, it is difficult to understand how a contract that was let to meet the specific requirements of Lincolnshire police authority could ever have been sufficiently flexible to meet the needs of other forces.

5. Lesson learned (or not as the case may be)

There is very little evidence to support the notion that extensive use of private contractors to deliver public services results in cost savings that could not be delivered by continued in-house provision as demonstrated in the case studies in Section Three.

This does not mean that private providers can never be a cost effective option, but it does cast doubt on the assumption that often runs through business cases that private companies will always find the most economical way to operate. This is partly down to the fact that, for this assumption to be true (even in theory), there would

need to be a level of market competition that is rarely found in the real world. Whilst various economic theories have attempted to get over this, (most notably the theory of contestability⁽²⁾), the empirical evidence continues to cast doubt on the idea that private companies are always run at, or near, optimal efficiency.

Where private companies have taken on contracts from local government, there has been a tendency to disappoint. APSE research has shown that councils of all political hues have brought services back in-house amid general dissatisfaction with contractors' performance.⁽³⁾

The cases examined in the APSE research are not ones that make headlines but they do indicate a fundamental flaw in the case for outsourcing as a general strategy. The cases that do make headlines on the other hand, demonstrate the high levels of risk that such a strategy brings with it. High profile business failures, such as that of social housing maintenance company, Connaught and social care provider, Southern Cross, demonstrate the dangers of relying on an external organisation to provide core services. In the case of Connaught, dozens of councils were suddenly left with no provider and forced to make, often expensive, interim arrangements, whilst the collapse of Southern Cross came close to leaving some very vulnerable people without accommodation.

A host of other, less spectacular examples show how the public sector may not always obtain best value from its private partners. Liverpool City Council was widely seen as having struck an exemplary deal with BT when it set up the joint venture, Liverpool Direct, to provide back office services back to the council. In fact, 10 years in it became clear that the council had been overcharged and according to its own Internal Audit, bringing the service back in house would have saved £23m per annum⁽⁴⁾.

The folly of outsourcing core business is also something that has become apparent to companies in the private sector. A decade ago, a number of big UK retail chains turned to external providers of Enterprise Resource Platform (ERP) software. Sainsbury's attributed its first ever loss to the decision to outsource this business critical function, while MFI, Boots and ASDA all made early decisions to terminate contracts and bring IT back in house.

The case against outsourcing indicates the need for a cautious approach. In considering whether or not to use the services of a private company, police decision-makers need to satisfy themselves that the services are suitable for outsourcing. They also need to consider whether they have the necessary skills around procurement and contract management to avoid the more obvious issues that inevitably arise from a relationship where the interests of the parties are in fundamental conflict: the force is seeking to optimise public benefit while the company is seeking to optimise private profit. This is made all the more difficult under modern approaches to contracting, where the focus is on outcomes and 'client side' input is reduced to a minimum.

Two current examples demonstrate clearly the risks inherent with this approach:

G4S and the Olympics - The first is that of the failure of G4S to provide sufficient numbers of security guards for the Olympic games. One of the main problems appears to have been that the firm was trying to deliver its obligations for what seemed like a very low price and as a result, it did not want to incur the cost of employing and training people much in advance of when they would be needed. By the time it started to mobilise its staff it was too late to get them in place on time. The point here is that, had the London Organising Committee for the Olympic and

Paralympic Games (LOCOG) been monitoring the way that G4S was carrying out the contract, it might have known at a much earlier stage that failure was likely and therefore been able to intervene with the contractor. Even if this had meant putting more money into the contract, it would have been less expensive (in reputational terms as well as cost) than calling up the army and the police to avert what could have been a fatal blow to the games. The illusory nature of risk transfer is clearly demonstrated by this example; G4S may well have been penalised financially but is unlikely ever to stand the full cost of bringing in the army and the police, and of course few public contracting authorities would have recourse to the armed forces when things go wrong.



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Cornwall out of hours GP services - The second example is that of Serco and its contract for an out of hours GP service in Cornwall. According to a report to the Cornwall Primary Care Trust (PCT) the firm presented false data on its own performance on 252 occasions over a six month period. The PCT has stated that it does not believe that Serco benefitted from altering the data, but whether it did, or not, does not detract from the main issue, which is that self-monitoring is fundamentally flawed as a mechanism for contract management.

These examples go to the heart of one of the key points of debate in so far as the use of private firms to deliver public services is concerned. This is what happens when things go wrong. Past experience has largely been confined to important but non critical services. Where local government contracts for emptying bins or cleaning buildings have failed the results have been inconvenient and embarrassing; if a contract for any aspect of policing goes wrong the impact could be far more serious. Commenting on the G4S failure discussed above, government minister, Jeremy Hunt pointed out that is 'completely normal for major contracts to fail'⁽⁵⁾.

Given this fact, it is legitimate to ask why police and crime commissioners and chief constables would continue to prepare to outsource critical policing services, and do

so on the basis of models that are potentially incapable of picking up failure until it is too late to mitigate the impact?

It has become common place for supporters of outsourcing to point to perceived weaknesses in public sector procurement skills when contracts fail to deliver. The G4S example has prompted some high profile 'rethinking' among politicians and others, but in part this has been expressed as a need to improve public sector procurement skills rather than recognition that strategic outsourcing is not necessarily

the best way forward. Thus, Her Majesty's Chief Inspector of Constabulary, Denis O'Connor, told the Home Affairs Select Committee that, "Contracting skills within the public sector and the police is a problem issue. That gap will have to be covered off or we will not get good procurements."⁽⁶⁾ This is problematic for a number of reasons. Most obviously, it begs the question of whether and when the perceived problem will ever be resolved. Outsourcing has been used as a strategy by the UK public sector for 40 years, and this suggests that the required skills are proving difficult to acquire. The second point is that if the public sector does not have the skills to procure effective contracts, it is risking poor results at a time when the public purse can least afford the consequences.

It is clear from the business cases supporting current outsourcing exercises that a major driver for passing police services to private companies is a perception that this will avoid major cuts to front line policing. This is openly presented as a 'difficult decision' that police and crime commissioners and chief constables and other decision makers feel obliged to make to safeguard front line police numbers. The impression of non-warranted staff being sacrificed in the wider interest is difficult to avoid, but there are a number of reasons for questioning the logic of this position.

Policing is unlikely to be protected from future cuts to funding which, once non-frontline budgets have been ring fenced into contractual arrangements, will inevitably have to be met by cutting the cost of the front line

More significant, is the point that once the claim that private firms are inherently better able to control costs than the public sector becomes accepted, even though there is little evidence for this, it is difficult to maintain an argument for keeping any element of service provision in the public sector. Policing is as susceptible to the logic of commissioning as any other area of public service. Essentially, this is that the role of the public sector can be confined to the strategic one of determining what the required outcomes are from the services it funds, and that it does not matter who actually provides them.

It is clearly not acceptable, or at least not yet, that the power to arrest should be contracted out, but the line of resistance on what can be legitimately contracted out has moved considerably over the last few years. At present it is technically possible to outsource crime investigation, custody and detention, finger printing and a number of other functions previously the preserve of warranted officers. In Lincolnshire, G4S has built and now operates a police station and provides a host of services that would previously have been carried out by police officers. The argument is that this will allow officers to spend more time on front line policing, but it is very difficult to see this being an end point in the advancing role of the private sector. It can only be a matter of time before arguments start to surface in favour of contractors taking over 'routine' police work such as patrolling and incident response. Ultimately, there can be no guarantee that whatever is left at this point of warranted officer duties will not also be offered up to competition at some time in the future.

6. The claim that there is no alternative

Business cases for outsourcing rely heavily on an assumption that savings will not be achieved in any other way. Underpinning this is an approach to option appraisal that does not allow for the possibility of in-house improvement. Thus, while projected savings from contracting out are usually compared with continuing in-house provision, the latter is cast from the beginning as a no change option. With the illusory guarantee of risk transfer, decision makers are given a choice of resolving funding issues through contracting out, with no reduction in service quality, or having

to make cuts to front line provision. It is not surprising that they feel they have no option but to take the outsourcing route.

In fact, there is plenty of evidence to show that in-house services can make efficiency savings. APSE has worked with hundreds of local authority service providers to make millions of pounds of savings over the past few years. The simple point is that if a private company can make savings by changing the way that things are done, then so can in-house providers. Moreover, savings from in-house efficiencies do not have to be shared as private profit and are not limited to those that are agreed at the point of contract. This latter point is particularly important in an environment of austerity where future cuts in funding are a near certainty.

Contracts can be flexible in terms of volume, but the level of savings is frequently linked to the amount of work that is passed over. In the case of Southwest One, IBM agreed to a 5% reduction in charge for each service transferred from the County Council, on the basis that IBM would be free to retain any savings arising from reducing staff numbers. This may have seemed a good deal when the contract was struck in 2007, but since that date, government cuts have been imposed at levels well beyond 5%, and while IBM has managed to reduce staff by 25% with consequent financial benefit to them, the amount that Somerset pays has remained at 2007 levels. Overall savings are far below what was envisaged, but even if they had materialised at projected levels, they would not have been enough to meet the cuts in government grant. In these circumstances a public authority has no choice but to look for savings elsewhere and in the case of a police service that has outsourced everything other than front-line policing, this can only mean a reduction in police officer numbers.

7. Governance and accountability

In November 2012, police authorities were replaced by police and crime commissioners (PCCs). PCCs are charged with ensuring efficient and effective policing in their area. This includes the power to appoint and dismiss chief constables and the allocation of resources to them. PCCs are scrutinised by police and crime panels made up of councillors drawn from relevant local authorities. These panels have no ability to directly scrutinise the work of the chief constable and his/her staff.

While PCCs have powers of appointment and dismissal and a legal duty to ensure effective and efficient policing, they have no powers of operational direction over chief constables. This separation of operational and strategic responsibility is well established in policing and considered by many to be a vital safeguard protecting the independence of the police from the political process.

While operational independence is not defined in law, the creation of PCCs as a separate corporate entity to chief constables, with the latter taking responsibility for use of resources within the budget levels set by the PCC, gives rise to questions about which of them is properly the contracting party when outsourcing takes place. However, as both the chief constable and the PCC are established in law as a 'corporation sole', either or both of them can legally enter into contracts.

In fact, the chief constable has legal responsibility for all staff and resources allocated to him/her by the PCC. It therefore follows that any contract would logically be with him/her, rather than with the PCC whose powers over use of resources are limited to establishing overall budgets and strategic priorities. If this were not the case, PCCs would be entering into contracts for services for which they are not

legally responsible. If this is correct, then it might also be argued that the decision about whether to outsource or not is one for chief constables to take, not PCCs. This may turn out to be how future contracts are let, but Schedule 2 to the Police Social Responsibility and Reform Act⁽⁷⁾ prevents chief constables from entering into contracts without the consent of the PCC. This therefore suggests that police and crime panels will have an opportunity to scrutinise external contracting at least during the procurement process. How far they will continue, following contract award will depend in part on whether the contract is with the PCC or the chief constable.

This raises very worrying concerns about the ultimate accountability of police decision makers in relation to procurement and outsourcing. It is very easy to imagine a scenario in which contracting out of police services is no longer a 'public' issue. Given that PCC powers to hold chief constables to account do not extend to staff below them and that the scrutiny powers of police and crime panels do not extend beyond PCCs, there may be no mechanism for publicly holding to account private contractors. It will be for chief constables to manage the contracts they enter into and, in so far as they are accountable to PCCs, their performance will be judged solely on outcomes. Inputs, including the terms on which staff are employed and the detail of contracts with suppliers, could cease to be matters that the public, through PCCs or police and crime panels, has any ability to influence.

Section two

Police service outsourcing – the state of the market

Key messages checklist

- Companies providing services to other public bodies are keen to win contracts with the police and the British Security Industry Association (BSIA) has identified police outsourcing as a growth market.
- The future of police service outsourcing has been cast into doubt by the G4S difficulties at the Olympic games and questions about the framework agreement with Lincolnshire police.
- A number of police forces have withdrawn from, or suspended, plans to proceed with outsourcing of a range of police support services.
- Pressures on police service budgets as a result of public expenditure cuts mean the threat of outsourcing remains in many areas of England.
- Table 1 in this section sets out the current known position on police service outsourcing in England.
- Police and crime commissioners elected in November 2012 made a range of policy pledges concerning outsourcing – their views are shown in Table 2 in Section 6 of this report.

Private sector involvement in UK police services has been relatively minor until recently. Increasing pressure on resources coupled with civilianisation of police functions led some police authorities to consider outsourcing to private firms, as discussed in Section One.

The appetite for involving the private sector in police services has varied widely among police forces in England and Wales. The case studies which follow in Section Three show how the three forces that were among the earliest to outsource support services – Avon and Somerset, Cleveland, and Lincolnshire – have fared using different business models.

This market is of interest to both companies that have provided so-called back office services to other public sector bodies, and those with more of a traditional security industry background. The British Security Industry Association clearly sees police outsourcing as a growth market. A statement prior to the PCC elections in 2012 highlighted its commitment to lobbying to expand its members' police market. It said: "This year, with the introduction of elected police commissioners and the economic implications of partnership working, there has never been a better opportunity to make a positive change and explore this issue further". Meeting with a number of PCC candidates at the 2012 Conservative Party conference, BSIA Chief Executive, James Kelly, was keen to promote "the significant benefits that increased partnership working can bring."⁽⁸⁾

Table 1 below summarises the known position on police services business outsourcing in England at the time of publication.

Thames Valley, West Mercia, Warwickshire, Staffordshire, Gloucestershire, Wiltshire and Hampshire forces began a joint tendering process to outsource the running of custody suites in June 2012, but this procurement ended in the summer of 2013 for reasons that are not entirely clear. Sussex Police was in the vanguard of outsourcing custody and detention and privatised this service with Reliance over 10 years ago.⁽⁹⁾

The wide-ranging Lincolnshire Police Framework contract with G4S was developed with the intention that it could be adopted by other forces and a number of them initially seemed enthusiastic to do so. It was originally considered applicable for use by ten forces. A seminar in London in April 2012, at which Lincolnshire Police and

G4S discussed their partnership, was attended by representatives of 38 police forces. G4S told the press it was predicting massive growth income from police contracts. John Shaw, head of G4S's police support services unit, said: 'The police outsourcing market is currently around £200m a year, but we are expecting it to grow to anything up to £3bn a year.'⁽¹⁰⁾

However, the high profile Olympics failure of G4S dented confidence in the company and may have contributed to a rethink among some forces that were considering using the Lincolnshire framework. A tri-force proposal to link up with the G4S Lincolnshire framework, involving Hertfordshire, Cambridgeshire and Bedfordshire, did not proceed. While Hertfordshire and Cambridgeshire were still weighing up an outsourcing deal prior to the PCC elections in 2012, Bedfordshire decided to consider its own in-house 'Option 10' as an alternative to privatisation (See Section Five – the in-house alternative).



The appointment of police and crime commissioners meant that decisions about how to achieve required savings were put on hold in a number of forces in the run-up to the elections. In September 2012, Surrey Police Authority formally withdrew from a business partnering programme with West Midlands Police that was set up to find a private company for outsourcing support functions. Surrey Police Authority members said they felt it would be a matter for the PCC to decide whether the force should collaborate with the private sector in the future.

PCCs have responsibility for setting the policing budget and for deciding how much to raise from local council tax for their police force. A statement by police minister Damien Green on 19 December 2012 set out proposals for 2013-14 police budgets that PCCs had to work to. According to this, provisional total government funding was to be £8.7bn. Every police force in England and Wales faced a 1.9% cut in central government funding in the financial year 2013-14.⁽¹¹⁾

The table in Section Six of this report summarises the initial views of police and crime commissioners in England on police support services outsourcing.

Most successful Labour PCC candidates campaigned on an anti-privatisation stance and have pledged publicly that they will not favour police support services outsourcing. Olly Martins, Labour PCC candidate for Bedfordshire Police, ran on an explicit 'No to G4S' ticket, which saw him elected in a closely fought electoral battle. West Midlands PCC, Bob Jones, confirmed on the day he was elected that his first decision as commissioner would be to, "...end the business partnership for the police privatisation process".¹² Merseyside's Labour police commissioner, Jane Kennedy, has reiterated her opposition to privatisation of police services as a way of trying to reduce costs. In response to a mass public email campaign, she said: "I am not in favour of privatising police services, to G4S or any other contractor and do not view it as a sensible way to reduce costs. There is no pressure to go down this route, certainly not from Merseyside Police."¹³

A number of Independent candidates also pledged their opposition to outsourcing.

The views outlined in the table indicate that Conservative commissioners appear divided in their views on outsourcing. Cheshire's Conservative PCC, John Dwyer, announced a thorough review to look for more efficient ways of working. He said he is not a fan of privatisation of policing, but believes strongly in collaboration and partnership.¹⁴ Other Conservative PCCs appear keen to pursue outsourcing options.

It should be noted that while some commissioners refer to preventing privatisation of what they term 'core policing', this may be open to interpretation, with so called 'back office' support services not necessarily deemed 'core policing' functions. When speaking at a PCC Summit in Birmingham after the PCC elections in 2012, shadow police minister, David Hanson, called for the government to draw up a clear framework outlining what roles the private sector can fulfil in policing.¹⁵

Table 1: summary of support services outsourcing in police forces

Source: official organisational websites, press articles and documents in the public domain

Constabulary	Latest position on outsourcing
Avon and Somerset	Joint venture arrangement with IBM as per case study. Police and crime commissioner rejected proposals to outsource custody and detention in early 2014.
Bedfordshire	Lincolnshire G4S Framework was considered, but eventually rejected. 'Option 10' as alternative option to outsourcing proposals considered.
Cambridgeshire	Lincolnshire G4S Framework contract was agreed in principle prior to police authority abolition, but not pursued following PCC elections.
Cheshire	The PCC announced a thorough review to look for more efficient ways of working. Collaborating on key support services with Northamptonshire Police with an in-house staffing model.
Cleveland	Services outsourced to Steria as per case study. PCC has no further plans for outsourcing.
Cumbria	PCC presented proposals to increase the council tax for 2013/14 and financial forecasts to 2016/17 to the police and crime panel.
Derbyshire	No plans for outsourcing.
Devon and Cornwall	Not available.
Dorset	Lincolnshire framework contract could be used – no further information since PCC appointed.
Durham	No plans for outsourcing at present.
Essex	Not available.
Gloucestershire	Custody and detention services outsourced.
Greater Manchester	No plans for outsourcing at present.
Hampshire	Public consultation included gathering views on financing police services with a limited budget.
Hertfordshire	Lincolnshire G4S Framework contract was agreed in principle prior to the abolition of the police authority, but not pursued following PCC elections.
Humberside	Not available.
Kent	PCC has pledged not to privatise police services.
Lancashire	Custody and detention outsourced. PCC has made commitment against privatisation.
Leicestershire	Force signed up to join the Lincolnshire G4S Framework, for custody and detention in 2015.
Lincolnshire	Police support services outsourced as per case study: framework contract with G4S, which could, theoretically, be used by other forces.
Merseyside	PCC reassured the public there are no plans to privatise police services in a statement on 11 December 2012.
Norfolk	Norfolk Constabulary has previously said it would not be dealing with government cuts by hiring private firms and the new PCC has publicly stated that he is not in favour of privatisation.

Constabulary	Latest position on outsourcing
Northamptonshire	Force signed up to Lincolnshire G4S Framework contract for custody and detention in 2015, but force is collaborating with Cheshire Police with an in-house staffing solution.
Northumbria	No plans to outsource at present.
North Yorkshire	No plans to outsource at present.
Nottinghamshire	Lincolnshire Framework contract could be used but PCC does not appear to have any outsourcing plans.
South Yorkshire	Not available.
South Wales	PCC decided to take custody and detention (previously outsourced with G4S) back in house when the contract expired on 30 June 2014.
Staffordshire	Custody and detention outsourced.
Suffolk	No plans for outsourcing.
Surrey	Partnership plans put on hold prior to PCC election so the PCC could decide whether to collaborate with the private sector or not. Business partnering project with West Midlands Police shelved.
Sussex	Custody service outsourced. PCC has called for review to consider ways to increase efficiency and invest savings in front line policing.
Thames Valley	Custody and detention outsourced. 7 force custody and detention framework contract procurement collapsed in August 2013.
Warwickshire	Lincolnshire Framework contract could be used. Custody and detention outsourced.
West Mercia	Custody and detention outsourced.
West Midlands	Business partnering project plans abandoned following PCC elections.
West Yorkshire	No plans for outsourcing and PCC have stated publicly opposition to privatisation.
Wiltshire	Lincolnshire Framework contract could be used. Custody and detention outsourced.

Section three

Case studies of police support services outsourcing

The three case studies that follow discuss examples of police support services outsourcing using different business models. They demonstrate the limitations of outsourcing and outline lessons that can be learned from issues that have arisen during partnering arrangements to date.

Case study A - Somerset Police: Southwest One joint venture with IBM

Background

Avon and Somerset Police covers 1,855 square miles and serves a population of almost 1.6m people. It needs to make £42m savings by 2015 as a result of cuts in budgets arising from the government's Comprehensive Spending Review.

In January 2008, the Avon and Somerset Police Authority signed up to a partnership with Somerset County Council, Taunton Deane Borough Council and global ICT and business management provider, IBM. The partnership, called Southwest One, was agreed for a 10 year period. Southwest One Ltd is a joint venture company providing shared services. It was heralded as a pioneering public private partnership and an ambitious target of delivering £197m savings over the decade was set.

Southwest One began the provision of technology and business support services to Avon and Somerset Police in June 2008 with the secondment of staff in ICT roles. This was followed by the secondment of the remaining 'in-scope' staff covering all other business services a month later. The stated aims of the deal were to: improve customer facing services, invest in technology and modernise corporate, transactional and support services. It also promised 'an excellent working environment and a more sustainable employment future for staff' and to 'generate economic development by investing in Somerset'.⁽¹⁶⁾ Teams from Somerset County Council, Avon and Somerset Police and Taunton Deane Borough Council were brought together in a single structure covering ITC, strategic procurement, human resources, finance and corporate support, property and facilities management, customer contact, enquiries offices, revenues and benefits and design and print services.

Contract award and remit

Somerset County Council and Taunton Deane Borough Council initiated the Improving Services in Somerset programme in 2005 to explore the option of setting up a partnership with the private sector. The formal procurement process was instigated in accordance with European Union rules with a notice issued in December 2005, which outlined the joint venture proposition. In March 2006 three bidders were shortlisted - BT, Capita and IBM.

Somerset and Avon Police Authority was able to join the programme in December 2006 after force merger plans, that had previously prevented it, were dropped by the Home Office. The Authority's stated objectives in joining were to provide quality support services to front-line policing while meeting the challenges of future funding arrangements; improve operational efficiency; improve front-line services; invest in world-class technologies; and provide an excellent working environment where staff can do their best for citizens.⁽¹⁷⁾

IBM was chosen in March 2007 as the preferred bidder. The first wave of council

services were transferred in November 2007 and the remainder a month later. In the meantime, separate proposals for constabulary services were developed to enable the police authority to join as a founding partner. In January 2008, police authority members approved a business case for the force to enter into final contract negotiations to join the joint venture. In March 2008, Avon and Somerset Police Authority signed up to Southwest One, forming a partnership with IBM, Somerset County Council and Taunton Deane Borough Council.

Southwest One is owned 75% by IBM, with the remaining 25% split between the three public authorities. This means that the partners can receive a share of any profit the company decides to distribute, but also means that they share commercial risks in proportion to their respective stakes. The Southwest One deal was let as a framework contract and its projections for creating external income streams were based on an assumption that it would attract other authorities to join. In fact, no other local authority or police force has joined Southwest One.



Issues and concerns

Examination of information that is publicly available and interviews with UNISON officers highlight a number of significant issues and concerns over the Southwest One outsourcing arrangements with IBM. These can be summarised as follows:

(1) Complexity

A major obstacle for Southwest One arrangements is the sheer complexity involved in three public bodies, which are responsible for providing sensitive public services using millions of pounds of taxpayers' money, working with a multi-national private firm as a single joint venture company.

The complexity of arrangements is apparent in terms of police staffing. Police employees have been seconded to Southwest One, rather than transferred using the Transfer of Undertakings (Protection of Employment) regulations. There have been, however, tensions between the secondment model and IBM's plans to restructure the business, and change jobs, grades and location. When staff have left, they have been replaced by those hired directly by Southwest One, on less favourable terms and conditions. UNISON's regional organiser, Liz French, highlights that morale is very low as a result: "Southwest One staff feel like second class citizens, who do not have the same rights as secondees. They feel they are getting dumped on and blamed for the failures of Southwest One. None of this is going to help performance."

Having three human resources representatives attending meetings – one for the police, one for retained human resources services and one for Southwest One – causes confusion and means wasteful duplication. Ms French adds that front desk staff, in the police stations in Cleveland and Weston-super-Mare, have been moved out of the police force into another private company due to changes in the way services are provided in North Somerset – adding further complexity to the situation.

There is also complexity over which body pays for what. The Audit Commission investigated complaints that the Southwest One deal broke local government rules because Somerset taxpayers were subsidising people living in Avon when the Police paid a £2.83m share of the start-up costs as a contribution to Southwest One.

A dispute arose between Somerset County Council and Southwest One as a result of lack of clarity and disagreement over levels of savings, as discussed below.

(2) Lack of transparency

The complexity of the partnership is linked to a lack of transparency, making it difficult to unpick where things are inherently unclear.

When Somerset County Council renegotiated its arrangements with Southwest One in February 2011, which led to some 160 staff being brought back in-house, negotiations took place in secrecy. UNISON welcomed the move to bring staff back under local authority management, but criticised the lack of transparency. UNISON regional organiser, Liz French says: “The biggest problem is the lack of consultation and information. Everything is kept under wraps. The reason used is that it is commercially sensitive, but much of what is kept secret turns out not to be commercially sensitive.”

Local Conservative MP Ian Liddell-Grainger has long criticised Southwest One for alleged secrecy, and has raised questions about its formation in Parliament.

(3) Failure to deliver savings

The aim of Southwest One was to achieve £197m savings in 10 years.

The outcome of a review of Southwest One by Somerset County Council, published in June 2010, found savings targets had not been met, showed there were problems with the introduction of the new SAP software system, and identified management and training weaknesses.⁽¹⁸⁾ The county council confirmed in March 2012 that it would take strategic human resources, finance and accounting functions back from Southwest One.⁽¹⁹⁾

Somerset County Council’s Governance Audit Report states: ‘Regrettably, the council’s arrangements for achieving value for money have received a qualified conclusion for the first time. This means that although the county council has proper arrangements in place to secure economy, efficiency and effectiveness, there is an exception with regard to its arrangements for securing financial resilience. Specifically, Southwest One is falling significantly behind planned expectations in procurement savings and this is having an adverse impact upon the Authority’s Medium Term Financial Plan’. The district auditor, concluded: ‘Southwest One’s actual savings delivered of £13.03m (as at the end of June 2012) are well below the Council’s contract projections of £100.63m (by 31 October 2012).’⁽²⁰⁾

Speaking under Parliamentary Privilege at the House of Commons on 18 September 2012, Ian Liddell-Grainger, MP for Bridgwater and West Somerset, told MPs: “There is a booby-trap in the contract that forces Somerset to compensate IBM if spending falls. Last week, the County Council had to take the decision to take £2.7m from contingency funds to pay the company off. If spending remains at the current level, which it probably will, Somerset will have to fork out £2.7m every year for the next five years. That is £13.5m, plus a £5m subsidy to the Avon and Somerset force.”⁽²¹⁾

The Southwest One contract is not available to the public, and the figures for both the amount of savings and the level of taxpayer funded investment have varied wildly. Despite evidence of failure to make savings agreed, Somerset County Council

and Southwest One ended up in a legal dispute over levels of savings delivered by Strategic Procurement Services. The company brought the case to court, saying it was entitled to payments when savings reach a certain level.

(4) Failure to deliver on other promises

As well as failures to deliver savings that were promised, and failure of the SAP technology, the Southwest One deal has failed to deliver a series of further benefits that were promised to staff and citizens. Speaking in the House of Commons on 18 September 2012, Ian Liddell-Grainger, MP for Bridgwater and West Somerset, told MPs of the “bizarre offers” promised by IBM in order to strike the joint venture deal that were “fairy dust”. These promises included broadband for nearly all Somerset residents within a year, an annual boost to the local economy of £600m, 400 jobs, a “virtual” university and an iconic headquarters.

For Avon and Somerset Police, being tied into the deal means potentially less room for the police and crime commissioner to manoeuvre in responding to government police budget cuts.

Summary of issues

Although Somerset County Council seems to have borne the brunt of the majority of problems with Southwest One, some issues have impacted upon Avon and Somerset Police and, as a legal partner, the force is locked into a complex arrangement and would inevitably have to face consequences of any failure. Key issues are:

Excessive complexity as a result of a multi-national private firm being involved in a joint venture company with three large public sector bodies spending vast sums of public money under a partnership deal that lacks clarity.

Low morale among employees providing support services to Avon and Somerset police as a result of different terms and conditions for secondees and staff employed by Southwest One.

Lack of transparency due to commercial confidentiality making it difficult to obtain a proper picture of Southwest One activities.

Failure to make promised savings is well documented, although there is disagreement over the figures, causing Southwest One and founding partner Somerset County Council to enter a legal battle.

Failure to live up to other promises such as broadband for all citizens, a £600m boost to the local economy and ‘an excellent working environment’.

Lack of flexibility in responding to the changing public sector budgetary, governance and policy landscape as a result of being tied into a long-term, large-scale agreement with one commercial partner.



Case study B - Cleveland Police Authority: Outsourcing to Steria

Background

Cleveland Police covers 230 square miles and serves a population of some 560,000 residents in Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton. The force was organised into 17 service units and had an annual budget of around £136m.

In July 2007, the police authority handed over responsibility for custody management, facilities management, identification suite management and bail management to Reliance Secure Task Management. Cleveland then civilianised a further raft of functions to maximise the range of activities that could be handed over to the private sector. It was among the first police authorities in the country to enter into a large-scale 'partnering' arrangement with a private provider and has outsourced an extensive range of functions to French-based business services company, Steria.

In 2010, it handed over the running of its control room and community justice department and services including call handling and support for the preparation of criminal case files to Steria, which also provides finance, HR, payroll, commissioning and fleet management services. The 'incremental' deal involved outsourcing in stages with pricing based upon volume of work. As a result, some 470 staff were transferred to Steria under Transfer of Undertakings (TUPE) Regulations, while 350 continued to work directly for Cleveland police.

Contract award and remit

Cleveland Police announced in February 2010 that it was putting its control room and other functions out to tender. A statement from Cleveland Police said: "Unless we are able to continue modernising the way we operate we could in a very short time be facing the prospect of having to consider big cuts in both jobs and front-line policing." UNISON criticised the fact that there was no consultation with the public over who handles crucial 999 calls and pointed out that the Independent Police Complaints Commission (IPCC) would have no jurisdiction over private companies, making the service less accountable.⁽²²⁾

Three bidders were shortlisted: Reliance Secure Task Management, Capgemini and Steria. It was announced in June 2010 that Steria had been selected for a £175m, 10 year contract. Services covered by the agreement included: call handling, ICT, criminal justice and business services including finance, human resources and procurement. A press release said the contract would deliver £50m savings over the 10 years. It said: "The company guaranteed for the full 10 years of the contract, protecting current terms, conditions and pension rights plus a guarantee of no compulsory redundancies for all transferring staff". Sean Price, who was serving chief constable at the time, stated: "It's clear that we need to make huge savings in the future and the only way we can achieve this without losing jobs is by working with a private sector partner." The authority stressed that it had been "able to achieve that protection for the full 10 years of the contract at a time when many other authorities are seeking major job cuts". Steria also promised it would be setting up a shared service in the area with the prospect of further employment opportunities for local people.⁽²⁴⁾



The Authority extended its deal with Steria in June 2011, moving a number of operations into the shared services centre in Stockton. The company took on support for the preparation and distribution of criminal case files and the newly combined risk and operational planning unit, which oversees safety, emergency and event planning. The parties claimed commercial confidentiality on the value of the contract extension. From 1 July 2011, Steria's remit included: centralising crime management units in each of the four force districts and merging with the control room, as well as developing the newly combined risk and operational planning unit to handle emergency and event planning, together with risk assessment and safety.

Issues and concerns

Examination of information that is publicly available and interviews with UNISON officers highlight a number of issues over Cleveland Police's outsourcing arrangements with Steria. These can be summarised as follows:

(1) Lack of public consultation

UNISON had concerns over the deal between Cleveland Police and Steria from the outset and mounted a vigorous public campaign. It highlighted the lack of public consultation over the privatisation of services with public safety implications, particularly emergency call handling. A petition signed by thousands of residents fell on deaf ears, despite repeated commitments to community consultation in numerous Cleveland Police documents.

(2) Failure to consider alternatives

A second concern was the automatic decision to outsource without examining other alternatives, particularly whether savings could be made in-house. "The Cleveland control room had been assessed as the second most efficient in the country and there is therefore a question mark as to whether the standard of its service could be improved. While accepting that savings needed to be made as a result of budgetary pressures, carrying out a review to see what efficiency savings could be made while still delivering things in-house should have been part of the decision-making process," comments UNISON regional organiser, Peter Chapman.

(3) Failure to live up to promises

A key part of the rationale for the Steria deal was that it was regarded as a way of avoiding redundancies. Cleveland Police Authority statements highlighted the no compulsory redundancy guarantee. "This is a glaring example of what was promised not being delivered," says Mr Chapman.

Restructuring when the transfer took place meant staff went into a redeployment pool. Due to the incremental nature of the contract, it was envisaged that as it developed there would be more work for these employees. But by August 2012, this

had not happened. This meant 30 posts would be lost, despite the contract being let on the basis of a guarantee of no redundancies for 10 years.

Cleveland Police said this was because some work had not been outsourced as originally planned and it had also postponed plans to civilianise posts in intelligence, prisoner handling and neighbourhood safety. In a joint statement, the Authority and Steria said around 30 full time roles would have to go, claiming that protecting the jobs would cost the authority up to £1m a year, jeopardising its efforts to protect front-line policing. The statement said Steria would continue with its voluntary redundancy programme but was also looking at compulsory redundancies.

The terms of the commercial agreement meant that Cleveland police had to pay redundancy bills.

(4) Lack of flexibility

The Cleveland experience also reveals a lack of flexibility inherent in contractual arrangements, which fail to take into account the changing public service landscape. These changes include changing budgets, senior personnel and governance.

On the first point, being tied into a long-term, large-scale contract inhibited the police authority's ability to react to further budgetary changes. According to Home Affairs Select Committee member, Steve McCabe MP, the authority was actually forced to reduce officer posts in response to austerity measures because its contract with Steria prevented it from reducing budgets committed to the contract. ⁽²³⁾

In terms of changes in senior personnel, Sean Price, who was chief constable of Cleveland Police at the time the Steria deal was struck, was dismissed from the Force on 4th October 2012⁽²⁴⁾ The current chief constable is subject to a long-term commitment to contractual arrangements to which she was not party, thus potentially limiting her ability to steer strategic direction without financial penalties being incurred for contract modification.

(5) Lack of transparency

Another issue raised by UNISON, which seems common to the outsourcing of police services generally, is lack of information about procurement, contract terms and financial matters. Information is guarded under the cloak of 'commercial confidentiality', which makes it difficult to determine if and how the predicted savings have been made. "As a union, we were not included in the procurement process and only had limited observer status on the project board. We couldn't see contract details," Mr Chapman points out.

(6) Lack of accountability and safety risks

One of the consequences of outsourcing is loss of control. Mr Chapman comments: "There is a huge cultural difference between the way police forces and private companies operate which mean it has not been easy for Steria to take things over. The police have difficulty allowing control to be passed over. It must be remembered that this is a highly sensitive service."

A key concern was that, if there was a major error leading to serious action or loss of life, the same accountability standards do not apply to private sector as directly employed staff. This was highlighted when emergency calls concerning an abduction in Cleveland were judged to be inadequately handled. The issue came to a head when the IPPC investigated four calls over concerns for a man's welfare, two of which were picked up by employees of Steria. An IPPC representative said: "This

was a complicated investigation for the IPCC due to the involvement of a private company, Steria. While the company did enter into an agreement and provide its co-operation, the IPCC believes the contracting out of services by police forces should not mean people who perform police-like functions are excluded from our investigations. Any extension of the IPCC's remit to cover contracted staff would require a change in legislation and we have discussed this with the Home Office."

The Home Office has subsequently recognised that this loophole in police accountability has to be closed and legislation before Parliament in 2013/14 extended the authority of the IPCC to investigate private contractors of police services.

Summary of issues

Analysis of Cleveland Police's partnership arrangements with Steria reveals a number of issues:

Failure to consult the public over the future of services upon which their safety depends.

Failure to consider alternatives with an automatic assumption that outsourcing could save money without any consideration of improving in-house efficiency.

Failure to live up to promises with job losses occurring despite job retention being a key tenet of awarding the contract.

The commercial terms of the contract mean Cleveland Police is responsible for picking up the bill for redundancies.

Lack of transparency and evidence of savings made as a result of claims of 'commercial confidentiality'.

Lack of flexibility means that Cleveland Police is committed to a 10 year contract despite changes in budgets, senior personnel and appointment of a PCC, which have all occurred since the contract was awarded.

Case study C - Lincolnshire Police: Outsourcing to G4S

Background

Lincolnshire Police covers one of the largest geographical areas in the UK (2,284 square miles) and serves a population of 646,000 people across 11 neighbourhood areas. The government's 20% cut in grants to police authorities meant budget reductions of some £20m in Lincolnshire over the period of the last CSR.

The Authority signed a contract with the world's largest security services provider, G4S, in February 2012, which is the most extensive of its kind to date. On 1 April 2012, the company took over the running of a broad range of both operational and business support services. More than 500 staff transferred to G4S under Transfer of Undertakings (TUPE) Regulations.

The contract was let under a 'framework agreement'. This means other forces, listed on the original framework announcement, can potentially appoint G4S without the need for a further competitive tendering exercise. This would offer savings on the cost of procurement and reduce the timescale for letting any contract.

The following forces were listed on the framework announcement:

Bedfordshire	Cambridgeshire	Dorset	
Gwent	Hertfordshire	Leicestershire	
Northamptonshire	Nottinghamshire	Warwickshire	Wiltshire

Contract award and remit

Lincolnshire Police Authority approved the start of a strategic partnership process in March 2011. Twelve submissions were received following a notice in the Official Journal of the European Union and G4S, Steria and Reliance were shortlisted. G4S was identified as the preferred bidder in December 2011. In a press notice, the Authority said the £200m outsourcing deal would, 'complement the successful restructuring of the organisation and regional collaboration in the provision of major crime functions, enable the force to deliver further essential cost savings, while underpinning local policing and enabling investment in new technologies'.⁽²⁵⁾

The contract procurement was carried out under a framework agreement. Framework agreements are let by one public body following the full competition process but are available thereafter for others to use without the need for further competition. The deal covers the following operational services: custody and identification unit, force control room, town enquiry officers, crime management bureau, central ticket office, collisions unit, criminal justice unit, firearms licensing and resource management unit, with the exclusion of certain key police officer roles. It also covers the following business support services: ICT, HR, assets and facilities management, fleet management, finance and procurement and support services.

A joint statement from Lincolnshire Police Authority chairman Barry Young and chief constable Richard Crompton said: "The partnership deal has the widest scope of any for policing in the country and is now open to other authorities...This new approach will mean the leanest force in Britain, which already provides its services at the lowest cost per head of population, will be able to meet the challenges laid down by the government." Upon signing the contract in February 2012, Barry Young said

the partnership will deliver infrastructure investment and: “By taking over a range of support functions, G4S will contribute to the Force’s aim of being able to put 97% of its warranted officers in frontline roles.”⁽²⁶⁾

According to the Policing Plan for Lincolnshire 2012-15, the Authority’s commercial arrangement with G4S will lead to savings of £3.4m in 2012/13, £1.2m in 2013/14 and £1.9m in 2014/15, totalling £7.5m in three years.⁽²⁷⁾

Issues and concerns

Although the G4S deal with Lincolnshire has not been in effect long enough to make comprehensive judgement possible, initial examination of information that is publicly available and interviews with UNISON officers highlights issues and concerns over Lincolnshire Police Authority’s outsourcing arrangements with G4S. These can be summarised as follows:

(1) Lack of transparency and questions over savings

UNISON’s regional organiser Peter Savage, pointed out that the union had not been able to access copies of the framework agreement that was drawn up, which is not subject to Freedom of Information Act requests. The full business case for transferring the services to the private sector has therefore never been spelled out.

Lincolnshire Police was criticised in the ‘Policing in Austerity: One Year On’ report published by Her Majesty’s Inspectorate of Constabulary (HMIC) in July 2012 for being at risk of not being able to provide a ‘sufficiently effective service’. The report found an increase in crime in the county in a year and a budget shortfall of more than £3m and highlighted ‘multiple concerns about the position they were in and the than current plans to manage the spending review reductions’. Inspectors said further work was necessary to make sure savings are achieved and that, despite a planned staff reduction, more staff cuts were likely.⁽²⁸⁾

In its follow up report ‘Policing in Austerity: Rising to the Challenge’, published in July 2013, Lincolnshire Police was again highlighted by HMIC as one of five forces with ‘... existing finance and workforce characteristics that may limit their flexibility to manage budget reductions.’ HMIC went on to describe Lincolnshire Police as follows:

‘There is a risk that forces which have made significant changes already will have limited opportunities for further savings when faced with another round of challenging cuts. Lincolnshire Police presents a particular risk as it has always been a lean force; it has also already outsourced a significant proportion of its operational and business support functions, so will find it difficult to make more savings in this area.’
(Policing In Austerity: Rising to the Challenge’ p 110)

In other words, the Lincolnshire G4S Framework contract is likely to limit the flexibility of the force to respond to financial challenge in the future, because it is tied into a long term contract, the terms of which may be difficult to renegotiate without significant financial penalties being incurred.

In its most recent report ‘Policing in Austerity: Meeting the Challenge’ (July 2014) HMIC referred to Lincolnshire Police as follows:

‘Last year, HMIC found that Lincolnshire Police and Bedfordshire Police were particularly vulnerable because of their size, their funding position and the fact that they had already implemented a considerable number of approaches to achieving their savings.

Lincolnshire's position remains financially constrained and despite continued efforts to identify further savings which minimise the effect on the front line, its next step will be to cut back on officers and PCSOs in communities' (p. 129 – 130)

Many will naturally ask how the G4S contract is helping Lincolnshire to manage this threat?

(2) Lack of flexibility

Having such a large-scale deal in place is potentially a big disadvantage for the police and crime commissioner, as it may restrict the decisions he will be able to take about how things are done in Lincolnshire. Peter Savage believes that the significant decision of whether to outsource ought to have been left until the new PCC was appointed, instead of the outgoing police authority tying his hands prior to the elections.

(3) Complexity and fragmentation

Having key services provided by a private company adds complexity to police operations. The complexity of being tied into such a major outsourcing contract also potentially disadvantages Lincolnshire in terms of collaboration with other forces.

In its 2013 report 'Policing in Austerity: Rising to the Challenge', HMIC warns of the costs, complexity and danger of individual forces pursuing their own individual approaches to collaboration and outsourcing. HMIC comment (p. 80 – 81):

'...the collaboration picture has become both increasingly complex and fragmented. Forces are collaborating with multiple partners, and in some cases entering into partnership agreements in respect of smaller areas of their business. While it is not within HMIC's remit to tell forces with whom they should collaborate, we question whether this piecemeal approach provides good value for money to the taxpayer, for the following reasons:

- There is a cost associated with managing this complexity. For example, based on our evidence from 'Private Sector Partnering in the Police Service', those forces and PCCs entering into major business partnering projects could anticipate that the costs to forces of employing people to manage the contract will be approximately two to four percent of the annual contract value
- Policing activity and the information and intelligence that accompanies it needs to be comprehensively linked in order to be effective. Therefore, fragmenting activities across suppliers can introduce risks to effectiveness or efficiency
- Economies of scale may not be maximised unless several forces work together
- Engagement with any private sector suppliers is less efficient and effective, if individual forces are all pursuing separate approaches. There is a higher cost to the private sector through engaging with multiple partners, which will be passed back to the customer.

(4) Confidence following G4S Olympics criticism

When Lincolnshire Police Authority let the G4S contract it did so under a framework agreement, which it invited other forces to use if they wished to save on procurement time and costs. A total of 38 police forces attended a seminar in April 2012, where G4S and Lincolnshire Police discussed their partnership. Confidence in the company was dented nationally by the company's high profile failure in running security services for the London Olympics when the army had to be drafted in to deal with the difficulties it had created.

Hertfordshire, Bedfordshire and Cambridgeshire Police, which were formerly considering striking similar deals, may have been discouraged by the company's much-publicised Olympic failings. In the end, none of the three forces decided to join the G4S framework.

Summary of issues

Analysis of Lincolnshire Police's arrangements with G4S reveals a number of key issues:

Lack of transparency: with the full framework agreement not publicly available and no detail available to show how savings will be made.

Lack of flexibility: in responding to further austerity cuts as highlighted by HMIC.

Adding complexity to relationships: which may exclude Lincolnshire from maximising opportunities for collaborative arrangements with other police forces.

The risk of outsourcing sensitive public services: to a private sector provider was highlighted when G4S's failure to provide adequate security services for the London Olympics was subject to high profile criticism.



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Section four

Procurement issues – the Lincolnshire framework

Key messages checklist

- The procurement process for the Lincolnshire framework agreement was carried out using the competitive dialogue procedure, which is a complex process and should only be used in circumstances where an authority is not able to fully specify its requirements.
- The framework agreement awarded by Lincolnshire was done on the basis that a number of other police forces could also gain access to the framework without the need for a further procurement exercise.
- However, it is not clear how other named police forces can utilise the framework agreement negotiated by Lincolnshire with G4S without a further procurement exercise. This is because the terms of the framework make it difficult to apply to other police forces without substantial renegotiation, which is not permissible under EU procurement law.
- The 10 year term of the framework agreement between Lincolnshire and G4S far exceeds the four year period set out under EU guidance.

(a) Competitive dialogue

The Lincolnshire Framework contract was advertised and procured in accordance with European law, utilising the competitive dialogue procedure (CD). CD is a procedure which may only be used in circumstances where a contracting authority is unable to fully specify its requirements or where a contract is particularly complicated. It allows for controlled dialogue between bidders and the contracting authority. The dialogue stage, during which competition is usually whittled down to a final two bidders, facilitates consideration of a range of options and culminates in the submission of final proposals which are not then capable of further development. Bids are evaluated in accordance with criteria published at the start of the contracting process, leading to the appointment of a 'preferred bidder'. Subject to there being no legal challenge and the agreement of, in Lincolnshire's case the then Police Authority, a contract is awarded.

(b) The use of framework agreements

The contract was likely awarded as a framework agreement. This means that it is ostensibly available to other bodies without need of further competition. Framework agreements must be advertised as such and the bodies to which it is to be available must be named in the advert. In the Lincolnshire case the procurement was advertised in the Official Journal of the European Union (OJEU) in May 2011. The Notice states that the contract was to be let by Lincolnshire Police Authority for its own benefit and expressly '...it is the intention that these other UK public organisations should be able to rely on this procurement to purchase such deliverables in accordance with Procurement Regulations without the need for any further procurement process. It should also be noted that in the event

of re-structuring within the police that this procurement will pass to successor organisations.’

On the face of it, the contract was advertised and awarded properly and was open to 10 named authorities and their successors. These are:

- | | |
|-------------------------------------|------------------------------------|
| — Bedfordshire Police Authority | — Cambridgeshire Police Authority |
| — Dorset Police Authority | — Gwent Police Authority |
| — Hertfordshire Police Authority | — Leicestershire Police Authority |
| — Northamptonshire Police Authority | — Nottinghamshire Police Authority |
| — Warwickshire Police Authority | — Wiltshire Police Authority. |

The OJEU Notice states: ‘It is anticipated that the core requirements of all the contracting authorities which may be included in partnerships concluded under this contract notice will comprise back and middle office functions with the exception of the entirety of the professional standards department and the front office functions contained within crime and operational support departments.’ It goes on to list a wide range of possible services that can be incorporated into the contract. Moreover, it also leaves open the possibility that further, unspecified but ‘of a broadly similar kind’, services might be added during the procurement process and even following contract award, on what is termed an ‘incremental’ basis. Incremental contracts are not unusual in outsource arrangements but must be consistent with requirements around transparency.

(c) Questions over the Lincolnshire framework

Notwithstanding the description of the ‘core requirement’ quoted above, it is difficult to conceive of any element of policing that would not be capable of transferring to G4S under the Lincolnshire contract. What is not so clear is how far this can legitimately apply to contracts awarded by other forces under the framework agreement. One difficulty will be the extent to which the terms of the agreement with Lincolnshire meet the requirements of the other forces without needing to be renegotiated. Procurement rules do not allow for anything more than fine tuning and clarification once final bids are received.

Regulations state that ‘call-offs’ from a framework agreement should be on the basis of the terms agreed under the framework. Government guidance explains this in the following terms: ‘Where a framework agreement is concluded with just one provider, call-offs under the agreement should be awarded on the basis of the terms laid down in the agreement, refined or supplemented by other terms in the framework agreement but not agreed at that time. It is the same principle as that applying to a normal contract, except that with a framework agreement, there will be an interval between the awarding of the framework itself and the calling-off of the goods, works or services under it. There can be no substantive change to the specification or the terms and conditions agreed at the time that the framework is awarded’.

The use of competitive dialogue raises a further doubt about the applicability of the framework. Guidance states: ‘The 2006 Regulations do not explicitly prohibit the possibility of concluding framework agreements under the competitive dialogue or negotiated procedures. However, the complexity of most procurements conducted under these procedures often results in the award of a contract rather than the conclusion of a framework agreement.’

This leads to a further issue which is that framework agreements are not in themselves contracts as defined under the procurement regulations: 'Such agreements set out the terms and conditions for subsequent call-offs but place no obligations, in themselves, on the procurers to buy anything. With this approach, contracts are formed under the Regulations only when goods, works and services are called off under the agreement.' In the Lincolnshire case there clearly is a contract with G4S but it is difficult to see this as having being called off from the framework – it is perhaps better to see it as having been let concurrently with the creation of the framework.



Aside from any other considerations, the term of the contract far exceeds the four year duration regarded by the guidance as suitable for a framework agreement. The guidance states that: 'It will be a maximum of four years "except in exceptional circumstances, in particular, circumstances relating to the subject of the framework agreement"'. It is understood that a longer duration could be justified in order to ensure effective competition under the framework agreement if four years would not be sufficient to provide a return on investment.'

It might be possible to argue that exceptional circumstances apply in the case of Lincolnshire itself, as G4S was to build a police station. But the more logical conclusion is that the contract is not suitable for a framework and indeed is not pursuant to the framework. The Guidance indicates: 'It is worth considering, in any event, whether a framework agreement is necessarily the best vehicle for a longer term project.'

The contract between Lincolnshire Police and G4S (as per the OJEU Notice) is in fact for 10 years, with an option to extend for a further five. This is the only timeframe mentioned in the OJEU Notice and therefore presumably the purported length of the Framework Agreement. As this is well beyond the four year term mentioned above as appropriate for Framework Agreements it is highly debatable whether the framework is genuine and usable by the other authorities.

It is to be expected that Lincolnshire Police and G4S took expert advice and that they are confident that the Framework Agreement is compliant with the relevant legislation. However, there are a number of potential grounds on which its use could be challenged as well as question marks over how capable it is of meeting the specific needs of the named authorities.

Section five

The in-house alternative

Key messages checklist

- Reductions in public spending will increase the pressure for outsourcing and the alternative in-house approach needs to demonstrate how it can continue to make the most efficient use of resources.
- An approach using 'lean management' principles and service redesign can potentially achieve savings of around 20%-25% while retaining services in-house.
- Using approaches to identifying failure demand can minimise the use of resources and ensure that those limited resources are deployed most effectively.
- Cost needs to be seen as one element of a wider value for money system because reducing costs in one area can often lead to a disproportionate increase elsewhere.
- Bedfordshire Police was developing an alternative to outsourcing using an in-house approach because of concerns about the implications of continued outsourcing in police services.

Everyone in the public sector is aware that no matter how strong the case against outsourcing is, the government has drastically reduced spending on all public services. Police and crime commissioners are facing huge pressure to deliver more with less resources. Unless they are provided with an alternative, they may feel they have no option but to go down the outsourcing route.

PCCs will argue the case nationally for maintaining spending on policing and there is indeed a strong case for doing so. There is, however, little to indicate that government will not impose further reductions over the course of the next Comprehensive Spending Review period. At the very least, PCCs and police forces need to be able to demonstrate that they are actively identifying and pursuing opportunities to make more efficient use of resources.

APSE has focused on cost reduction in its work with local authorities and other public service providers over the last two years. The approach, applying lean management tools and techniques, has been highly successful. A combination of greater process efficiency, re-prioritisation of resources and increased income generation has allowed the APSE team to meet funding reductions up to 20 to 25% to keep public service in-house.

It is worth reiterating that the only way in which external suppliers can generate efficiency savings is by making changes to the way that services are provided. These can include cuts to pay and conditions for new starters, but in most cases will mean optimising the use of resources, including staff, to generate greater value. Lean approaches to service redesign also focus on improving the way things are done to eliminate wasted effort and activity. Much is made of identifying and minimising so called 'failure demand', which is that element of work that only needs to be done because of a previous failure to meet a need or to do so effectively.

The concept of failure demand is of particular significance to public services where there is potential to prioritise preventative work to minimise the need for more resources hungry, reactive services. The case of the UK's fire services provides an excellent example of how this can work. A conscious, UK wide shift towards fire prevention, including through changes to building regulations as well as the work of fire fighters, has resulted in a dramatic fall in the number of fires and a consequent saving to the fire services and more widely through a reduction in insurance premiums and rebuild costs. A change in culture and the redefinition of the service

away from fire fighting to fire prevention, along with re-prioritising resources towards educational and lobbying activity has saved many lives as well as money.

It is not difficult to see how tackling failure demand in policing could have a similar transformative impact. Concentrating on crime prevention activity, including community engagement and better use of intelligence, would help reduce demand for and therefore the cost of, reactive policing. On a more mundane level, scope exists for improving business processes to remove duplication and other effort that does not add value to the service. Lean thinking provides tools and techniques to help with this, but perhaps more importantly an understanding of how processes work and how they might be improved through effective engagement with the work force.

Identifying and delivering opportunities for reducing cost depends in part on being able to understand how different activities work together as a wider system. This is because of the way that changes to one activity can impact on others. Cuts in one area could result in a disproportionate increase in costs to another. Conversely, an increase in spending on preventative work, as with the fire service example, could lead to dramatic savings on more costly reactive work. It follows that separating police staff functions from front line policing and focusing solely on reducing the costs of these services, rather than the cost of the police system as a whole, is unlikely to be the most effective way of optimising resources.



Bedfordshire Police Force's 'Option 10': an in-house alternative

Bedfordshire Police Force developed an alternative option to the outsourcing proposal considered by its police authority in the summer of 2012. Unease about allowing private companies into policing and doubts about the suitability of G4S led the authority to ask its procurement officers to come up with alternatives to using the Lincolnshire Framework.

The 'Option 10' proposal, which resulted, was based on lean management theory and took a systems approach to identifying opportunities for cost reduction and service improvement. It represented a genuine effort to understand each element of the overall policing system in terms of the value it brings to the whole. Police staff at all levels were involved with mapping and identifying improvements to the way they work. Activities were evaluated in terms of value to the objectives of policing, rather than as discrete cost centres. By avoiding the artificial separation of the back office from the front line, the procurement team reduced cost by tackling waste and duplication across the whole system, rather than running the risk of cuts in one area reducing efficiency and increasing cost in another.

Option 10 offered a very credible alternative to the business case for outsourcing. The Bedfordshire force was enthusiastic and the proposals had the, in principle, backing of UNISON.

Section six

The position of police and crime commissioners on police service outsourcing

On 15 November 2012 the election took place in England and Wales for police and crime commissioners to replace the former police authorities. Despite low turnout and some voter apathy, the elections were a landmark change in the way in which police forces are governed and held to account.

The elections brought into sharp focus the views of PCCs on proposals to privatise police functions. It is important that UNISON activists have a clear understanding of the views of the PCCs where there are exiting plans to outsource services, or where there is likely to be proposal for such outsourcing in the future.

Table 2 below summarises the published views of the elected PCCs for England and Wales police services outsourcing.

Requirement on PCCs to publish information on contracts

Lack of transparency has been a key issue identified by UNISON's campaign against outsourcing of police services, with commercial confidentiality cited by public bodies as a reason for not providing information on contracts.

However, there is now a very clear legal requirement for key information regarding police procurement to be published by PCCs, as set out in the following statutory instruments:

- The Elected Local Policing Bodies (Specified Information) Order 2011
- The Elected Local Policing Bodies (Specified Information) (Amendment) Order 2012

These statutory orders require each PCC to publish information that includes:

- A copy of each contract with a value exceeding £10,000 which either the PCC, or chief constable, is, or is to be, a party
- A copy of each invitation to tender which will have a value exceeding £10,000 which the PCC or chief constable issues
- A list of every contract with a value below £10,000 which either the PCC, or chief constable, is, or is to be, a party, along with the value of the contract and the identity of every other party to the contract

This requirement for transparency is an important one and UNISON branches should not only seek public disclosure of relevant information relating to the award of contracts and indeed the performance of those contracts, but should also utilise the scrutiny function of the police and crime panels to hold PCCs and chief constables to account and where information is not forthcoming to ensure that this is widely publicised as part of a wider campaigning strategy by the union.

Table 2: Views of police and crime commissioners in England on police support services outsourcing

Source: Statements in election manifestos, election statements for the Home Office, press statements or responses to pre-election survey by 38 Degrees campaign group

Constabulary	PCC name and party	Stated views and source
Avon and Somerset	Sue Mountstevens Independent	"There will be no privatisation of core police functions." (Election statement)
Bedfordshire	Olly Martins Labour	"I oppose the sweeping privatisation of large parts of the police service to G4S." (Election statement)
Cambridgeshire	Graham Bright Conservative	"I certainly aim to streamline and cost save. I hope to achieve this by working with other police authorities not just Bedfordshire and Hertfordshire but Suffolk, Norfolk and maybe Essex." (38degrees)
Cheshire	John Dwyer Conservative	"I will instigate a root and branch review of Cheshire Police and look for more efficient ways of working. The savings found by this exercise will be made available to the Chief Constable for frontline policing. I will seek to build partnerships with neighbouring police forces and other agencies to drive down the costs of buying products and services." (Manifesto)
Cleveland	Barry Coppinger Labour	"Private companies looking to take on core policing duties would be resisted...We already have a contractual engagement and, of course, we will honour that, although we can review how it's going. Our chief constable is putting the final touches to a review of force structures, but I'm not aware of any plans to outsource." (Northern Echo interview, 9/12/12)
Cumbria	Richard Rhodes Conservative	"I have no aspiration or intention at all of privatising front line police services. However, the first Police and Crime Commissioner will have to make further significant savings. If savings are to be made and front line policing is to be maintained the PCC will have to consider a range of options to achieve this." (38 degrees)
Derbyshire	Alan Charles Labour	"Keep Policing Public in Derbyshire – No G4S Style Privatisation Here! If there are efficiencies to be made I will make them in-house and reinvest cash savings back into policing Derbyshire." (Election statement)
Devon and Cornwall	Commodore Tony Hogg Conservative	"I can absolutely confirm that there is no question of privatising the police... When it comes to the work that goes on behind the scenes - things like administration, IT and maintenance - if savings can be made by collaborating with other police forces, other emergency services, local authorities or private companies I will look at them." (38 degrees)
Dorset	Martyn Underhill Independent	"A lot of people using the word 'privatisation' are mainly concerned about is out-sourcing. Choosing an external organisation to run a function that has, to that point, been managed in-house. Would I consider out-sourcing if I were Dorset's Police and Crime Commissioner? Yes, in certain circumstances I would. There are very many different forms of outsourcing and the bodies undertaking them can be from the private, public or even third (voluntary) sectors. I consider the Voluntary Sector the best approach, because from my experience, they provide better value for money and outcomes." (38 degrees)

Constabulary	PCC name and party	Stated views and source
Durham	Ron Hogg Labour	"I will resist the drive for privatisation of your police service, ensuring that policing remains for people and not for profit. I will seek to develop imaginative solutions to ensure that public services continue to be delivered by public sector employees." (Election statement)
Essex	Nicholas Alston Conservative	"I do want police officers engaged in front line police work and not in support work that could be carried out by non-police staff, as much is now. I would have an open mind about whether the public or private sector should provide those support services and I would consider all factors such as cost and quality and reliability of service and the need to retain expertise and capacity within the public sector." (38 degrees)
Gloucestershire	Martin Surl Independent	"I will not allow the Constabulary's operational efficiency to become reliant upon private sector organisations and contracts." (Manifesto)
Greater Manchester	Tony Lloyd Labour	"Keep police on the beat not hand policing over to private companies. Our police are not for sale." (Election statement)
Hampshire	Simon Hayes Independent	"I do not support the privatisation of the Police service in Hampshire." (38 degrees)
Hertfordshire	David Lloyd Conservative	"I do not think it is essential that back office services such as HR, payroll, legal and IT are kept in-house and certainly not at a premium cost....I am not a cheerleader for G4S, but taking forward a business case with them will allow us to compare the market and see what the lowest cost for providing the service will be - and one of the questions we will need to ask is whether the public would have confidence in G4S." (38 degrees)
Humberside	Matthew Grove Conservative	"In my view, the long term future is in ensuring that the police continue to work innovatively with local authorities and other organisations to deliver the best value for local taxpayers." (Manifesto)
Kent	Ann Barnes Independent	"No privatisation of core Police services." (Election statement)
Lancashire	Clive Grunshaw Labour	"Lancashire's police force will not be privatised if I am elected PCC." (38 degrees)
Leicestershire	Clive Loader Conservative	"If elected, I will drive the necessary efficiencies through to allow maximum numbers of uniformed police on the beat." (Election statement)
Lincolnshire	Alan Hardwick Independent	"With me as PCC, there will be no further privatisation of Lincolnshire policing. I am not convinced about the long-term benefits of privatisation." (38 degrees)
Merseyside	Jane Kennedy Labour	"Keep police and PCSOs on the beat with neighbourhood policing, not hand it over to private companies." (Election statement)
Norfolk	Stephen Bett Independent	"I will protect local policing from privatisation – achieving the savings we need by collaborating with other police and public services, and with the voluntary sector." (Election statement)
Northamptonshire	Adam Simmonds Conservative	"I have no intentions of privatising our police force." (38 degrees)
Northumbria	Vera Baird Labour	"I'll fight the Tory-led government's police cuts, protect police and support staff and I'll never agree to the privatisation of our policing." (Manifesto)
North Yorkshire	Julia Mulligan Conservative	"I will ensure resources are focused on the frontline, for example by relocating police HQ from Newby Wiske Hall, which costs £820,000 a year, the equivalent of approximately 30 police constables. This will save money and help protect jobs and frontline policing." (Election statement)

Constabulary	PCC name and party	Stated views and source
Nottinghamshire	Paddy Tipping Labour	"Nottinghamshire Police are underfunded each year by £11 million and I'll continue to campaign for extra resources. Privatisation won't happen if I'm the Police Commissioner." (Open letter to Nottinghamshire Police Staff)
South Yorkshire	Shaun Wright Labour	"There will be no large scale outsourcing like we've seen in Lincolnshire! I want to keep the police service a largely public service." (38 degrees)
Staffordshire	Matthew Ellis Conservative	"My views aren't broad-brush privatisation or public sector." (38 degrees)
Suffolk	Tim Passmore Conservative	"I am not fundamentally opposed to privatisation, but would only consider it where it offered quantifiable advantages that could not be matched by using existing resources. I also fully understand the link and integration between support services and front line policing and in many areas it may be impossible to privatise services." (38 degrees)
Surrey	Kevin Hurley Independent	"I will not privatise policing service delivery." (38 degrees)
Sussex	Katy Bourne Conservative	"I will begin an urgent review to look for more effective ways of working, with the savings made available to the Chief Constable for frontline policing." (Manifesto)
Thames Valley	Anthony Stansfeld Conservative	"I am not a supporter of outsourcing." (38 degrees)
Warwickshire	Ron Ball Independent	"I do not have a privatisation agenda." (38 degrees) "One of my key manifesto commitments was to reduce bureaucracy within the force and a study is now underway to look at all bureaucracy within Warwickshire and West Mercia Police with the aim to see this reduced." (Post-election statement.)
West Mercia	Bill Longmore Independent	"I have no specific plans for privatisation of police functions. I would have to hear a very convincing argument before I would consider privatising current police services....Previous decisions have been made in relation to privatisation across a range of public services where standards have been allowed to drop as a result of these types of decisions being made." (38 degrees)
West Midlands	Bob Jones Labour	"I will oppose the privatisation of core policing services." (Election statement)
West Yorkshire	Mark Burns-Williamson Labour	"I pledge to keep Police Officers and PCSO's on the beat, not hand police work over to private companies." (Election statement)
Wiltshire	Angus Macpherson Conservative	"Budget pressures mean police expenditure must become more focused and effective. This need not mean fewer police officers, but better use of resources, working in partnership with other forces, local authorities, charities or the private sector." (Election statement)

Section seven

UNISON campaigns that have stopped police privatisation

UNISON has had considerable success in opposing police privatisation. Highlighted here are some of the positive stories that the union has to tell.

Here are the stories of four police branches – West Midlands, Bedfordshire, Cambridgeshire and Hertfordshire – who organised and fought the battle of a lifetime to keep policing public. These branches faced an unprecedented challenge to stop privatisation in its tracks, but they launched local campaigns that resonated with members of the public, community groups, politicians and the media to win successes that they and their members had initially thought impossible. UNISON took on the privatisers and won!

Jill Harrison, branch secretary of West Midlands Police branch said, “The branch had never dealt with a campaign on this scale previously” and her words were echoed by the police branches in Bedfordshire, Cambridgeshire and Hertfordshire, who agreed they had previously launched nothing to compare with this campaign. Their strategy and tactics were born out of circumstance and necessity, but executed with resourcefulness and imagination.

Despite their ‘limited experience’, Jill Harrison found that she and her members were surprised by how well the campaign came together. “We found it easy to access the right people in UNISON to assist us” she says, from Labour Link to General Political Fund money, support from regional and national colleagues as well as other UNISON branches and self organised groups, in taking their message out to members and the general public.

Background

The halting of plans to outsource police services in the West Midlands and the defeat of the planned tri-force tie-up with the Lincolnshire G4S contract in Bedfordshire, Cambridgeshire and Hertfordshire, in 2011/12 looked all the more unlikely because the police service is only the latest public service to be opened up for privatisation.

UNISON nationally was fighting on all fronts to stop the acceleration of privatisation in the NHS, in schools and higher education, local government, public services infrastructure and closer to home for police branches, prisons and probation services. While public sentiment remained sceptical at best, and opposed at worst, to more privatisations, public service budget cuts and political pressure from the coalition government were being used to override opposition.

Branch activists trying to organise against their police force’s plans for outsourcing found that embattled members were fearful about repercussions for their jobs and pessimistic about the union’s ability to halt privatisation. Sarah Crowe, branch secretary of Bedfordshire police branch said, “Some members were very keen to engage at the beginning but most were fearful that any actions they may take would make them a target for redundancy. They were willing to engage in the signing of the e-petition and write to MPs, but not much beyond this.”

Jill Harrison in the West Midlands agreed and added, “I think it was difficult to convince the membership that we would be able to stop the privatisation programme. A lot of members thought that whatever we did, it would take place regardless”. David Craig branch secretary of Cambridgeshire police branch found

that persuading members to get active within the campaign was ‘the hardest part of the campaign’. But hard work and detailed planning overcame these obstacles.

It was a different story with the general public, with Glyn Mason, UNISON representative in the West Midlands, commenting, ‘Persuading the general public I found easy’. This was an experience shared by David Craig who said, “The general public, whatever their party political persuasion, all seemed against the privatisation in principle and were therefore the easiest to reach.” Public opinion became a crucial weapon in the hands of UNISON activists due to a unique circumstance: the first ever election of police and crime commissioners in England and Wales in November 2012, enabling them to hold candidates to account and raise media interest around police privatisation as an election issue.

Police privatisation also became a national news story due to controversies around the G4S performance in delivering on its contract to provide security for the Olympics. The flexible and proactive local campaigning strategies used by UNISON activists were suited to quickly responding to press and public interest in the campaign.

The campaign in

Bedfordshire, Cambridgeshire and Hertfordshire

Bedfordshire, Cambridgeshire and Hertfordshire police branches worked together collaboratively, alongside regional organisers, to ‘mutually support’ each other in the campaign to oppose their forces joining the Lincolnshire G4S Framework contract.

As David Craig explains, ‘We met with the Bedfordshire and Hertfordshire police branches in relation to a business case put forward for staff functions to be outsourced to a private company, in this case G4S, as a savings measure. By acting in solidarity the three branches could pool resources and knowledge to fight this threat’.

The three branches also decided to formulate a collective message for the campaign, with a common logo and strap-line. The logo ‘Fight Police Privatisation’ and strap-line ‘Keep Policing Public’ on all campaign materials meant that the branches had a unified look and message throughout. The three branches were able to meet on a regular basis because they were already meeting to respond to the tri-force collaboration proposals involving their three forces. This enabled them to have an informal campaign strategy that allowed them to respond to events quickly. Sarah Crowe said, “Not ever having organised a campaign on this scale, it was very much informal. There was daily contact with our colleagues in the other branches.” These regular meetings allowed the three branches to agree and publish press releases on a frequent basis. What



Peter Everard Smith

could have been a fragmented campaign across three areas became instead a point of strength for local activists.

Their first step was to try and build an activist base within the membership, including data cleansing RMS and internal email systems as a matter of priority, "...to ensure we had an up to date list and a quick and effective way of contacting members". The branches also rallied their members to attend police authority meetings and ask questions in public about the proposed plans for privatisation, as well as holding rallies and demos outside the meeting. As part of their campaign, they organised leaflet drops, sent letters to all the police authority members along with local councillors and MPs, held a fireworks display for a media event and distributed leaflets in town centres and at train stations. An e-petition was started and sent out to members to encourage them to sign, as well as to forward to friends and family. The petition was taken to various UNISON regional events and meetings to enable the wider membership to become involved. The campaign was also taken out more widely to the general public, including the town centre and train stations as well as to national music events such as the 'Sonisphere' concert. However, the activists found that the e-petition did not work as well as initially planned. Sarah Crowe explains, "Encouraging the public to sign the e-petition was probably the hardest element".

Bedfordshire, Cambridgeshire and Hertfordshire were able through the campaign to highlight the negative effect of police privatisation to different audiences. Sarah Crowe said, "While the core message drove our campaign, it was tailored to the perceived needs of the different audiences. With the public it was about lack of accountability, with MPs and PCC candidates it was about the loss of local income to the local economy should the workforce be moved elsewhere, in the context of shared services with Lincolnshire." David Craig agreed, saying, "For our members we highlighted the pitfalls of working in the private sector including the threat of likely redundancies to save money, etc. With the public, we focused on tax payers money being used to line the pockets of private companies. We were also able to refer to the G4S Olympics fiasco when talking about problems within the recently privatised Lincolnshire police".

The backdrop of the G4S contract problems around the Olympics heightened the public awareness of issues around police privatisation as well as drawing greater media attention to the local campaigns. David Craig highlighted the importance of a media strategy to the campaign "One of the first actions was to send out a press release which generated a lot of local press interest. Our media strategy was to try and get the public on our side via the media outlets available." All the branches were surprised how receptive the media was to their message and how well this amplified the campaign, particularly in reaching the public and local politicians. Tara Crawley, assistant branch secretary of Hertfordshire Police branch said that, "As part of the three forces working together we realised that we needed something in addition to press releases that would grab both the public and media attention. So we organised an ambitious fireworks display which not only served as a media event, but also gave us additional campaign material (photos/video footage) which we could then use and circulate via social media."

The police force branches in the Eastern region also made the PCC elections a critical part of their campaign. David Craig said "the PCC elections were a great help in my view as it came at the right time. We were able to use the elections as a lever against the police authority to postpone any decision until after the elections. This strategy worked well and contributed to the police authority suspending the final decision and leaving it up to the incoming police and crime commissioner."

Bedfordshire police branch were supported by a Labour Link endorsed PCC candidate who made opposing police privatisation a key part of his platform. He went on to win the election. In the run up to polling day, local UNISON activists were able to work together with the candidate to delivering both his canvassing leaflets as well as the tri-force 'Keep Policing Public' leaflets through the letterbox. The branch also disseminated materials they had prepared encouraging the public to vote in the PCC elections, including a leaflet drop with the local paper. Hertfordshire Police Branch also joined forces with their Labour PCC candidate to hold petition signing sessions in local shopping centres, which offered the opportunity for the branch to both highlight the concerns over privatisation to the general public.

The timing of the elections was also used by the police branches, enabling them to argue to police authority boards that decisions to outsource and privatise should be suspended until the new police and crime commissioner was elected. In the Eastern region, the branches applied for General Political Fund money to commission a 'critical friend' report from the Association of Public Sector Excellence (APSE) to counter the business case being presented at Police Authority meetings.

"We secured a speaking slot on the police authority meeting where sign off for progressing to a full privatisation business case was going to be debated, where our "critical friend" was able to make a presentation on the case against privatisation. The Branch secretary was also allowed to ask a series of questions and challenge the answers, stating that unless there was a meaningful alternative option the scoped privatisation would be a fait accompli. The outcome was that the Bedfordshire Police Authority instructed the Chief Constable to come up with a 'plan B' to be considered alongside the privatisation business case by the new incoming PCC."

Defeating the largest police privatisation proposal in West Midlands

West Midlands police branch also worked with UNISON regional officials to put together an early strategy, "...but that initial plan was visited many times to adjust and add to". They looked for support from other UNISON branches in the region and found that they were able to get positive support from their colleagues.



John Harris/reportdigital.co.uk

They also worked with UNISON's self organised structures to spread their message widely to groups of members who would have particular concerns about decreasing accountability and lack of transparency around



public safety and justice. The branch also developed different messages for the general public than for staff. Jill Harrison explained, "We knew that the attack on staff terms and conditions wouldn't be of importance to the public, but the idea of having a private company overseeing the deployment of officers and having access to their information was a major issue for the general public".

The West Midlands police branch started work to make the argument to members and non-members alike, targeting, in their words, "...everyone, with every method available to us". UNISON representative Glyn Mason said the campaign started at the local supermarket. "We rang the local Sainsburys and booked a site in the store's foyer at their busy times so we could meet with the general public with our message. We had a small stand with leaflets on it". He found that persuading the general public was much easier than he expected. This characterised the West Midlands campaign. Realising how important it was to get the public on board, they took every opportunity to get their message out to a wider audience, making sure to '...link into as many different groups as possible'.

This included public events, trades council events, rallies outside police authority meetings and holding public meetings. Jill Harrison said, "We found the public reacted well to speaking face to face with us and discussing their fears about the programme", so much so that the branch's anti-privatisation petition was only effective as a tool to speak to the public, rather than as an encouragement for them to write to their MPs. Like the police branches in the Eastern region, they found the petition did not live up to its initial purpose.

The West Midlands Police Branch found regional support particularly helpful: "We linked in with our regional communication officer to target the media and this helped with speaking to the right people early on" said Jill Harrison.

The ongoing media interest in the anti-police privatisation campaign and public interest and opinion around police privatisation also had an effect around the first ever elections for police and crime commissioners in November 2012. For the West Midlands, the police and crime commissioner elections were hugely important. Jill Harrison explains, "We were fortunate that the Labour candidate that pledged to halt the privatisation programme was elected". UNISON worked hard to get the right candidate elected in the West Midlands. UNISON Labour Link helped the branch by facilitating lobbies in Parliament and giving them an opening to the Labour members on the Home Affairs Select Committee before they questioned the West Midlands Police Force's chief constable on his plans to engage in a joint procurement exercise with Surrey Police Force. The Home Affairs Select Committee went on to express concerns about the joint procurement exercise and stated that they were 'not convinced' that the two forces 'fully understand or are fully able to articulate the process they are undertaking'.

The West Midlands Police Authority also took the decision to suspend its plans for privatisation until the conclusion of the election, following pressure from anti-police privatisation campaigners and the news of the decision by Surrey Police Authority to



pull out the proposed business partnering programme. Following the election of Bob Jones as West Midlands PCC, the planned privatisation was abandoned.

But the result of the campaign was never a foregone conclusion – West Midlands Police branch even had a contingency plan from the outset if the privatisation had gone forward. It proved, as Jill Harrison put it, “You must never give up and keep chipping away until people start to listen.”

Learning Points from the Campaigns

Here’s the advice some of our activists had for other UNISON branches:

Sarah Crowe, Branch Secretary of Bedfordshire Police Branch & NEC member:

- If you are facing privatisation alongside other branches then engage with them as early as possible and meet with them regularly.
- Agree a communications plan and slogan.
- Produce campaign materials to be able to be given out to UNISON members as well as the public
- Agree model letters to be sent to MPs and councillors.
- Utilise the services of local trades councils and engage with local community groups.
- Arrange stalls in town centres train stations – in general areas where you will have a good foot-fall from the public.
- If possible arrange lobbies and rallies and get the local media there.
- Arrange a publicity stunt/event.

Jill Harrison, Branch Secretary, West Midlands police branch

- You need to get the public on board and show them in real terms how this will affect the service they receive from the police.
- Link into as many different groups as possible. We attended trade council events, public events and took every opportunity to get our message out to a wider audience.
- Apply to the General Political Fund for resources to support the campaign – it enabled us to produce materials to highlight our campaign and assisted us with the cost of extra travel.

David Craig, Branch Secretary, Cambridgeshire Police Branch

- Planning is the key to a successful campaign.
- Make sure you have the requisite funds, people and determination to see it through to the end.
- Make sure you send out regular press releases to keep the local media interested – they can reach more people than the branch can”.
- Never give up and ask for help if necessary

Tara Crawley, Assistant Branch Secretary, Hertfordshire Police Branch

- Warns that activists should be prepared to work hard to engage members
- Don't be afraid to give ideas a try and seek advice. Even if you are out of your comfort zone, the benefits you could reap are worth it
- Think big and be positive.

Key messages checklist

- There is little evidence of the benefits of outsourcing to private companies and a growing body of evidence shows the problems that arise from contract failures.
- There are widespread public concerns about the appropriateness of extending outsourcing to police services particularly given the recent spate of high profile contract failures across the public sector.
- There are real alternatives to outsourcing, which deserve to be properly considered – including an in-house service improvement model that can deliver at least the same level of efficiencies.

Organisations such as Capita and BT, have been delivering services to local and central government for many years. Until relatively recently contracts were primarily for service delivery functions, such as waste collection and building maintenance, that were relatively easy to specify and manage. Over the past few years however, private firms have taken over so called back office services as well. By combining demand from more than one customer, providers have been able to achieve scale economies and create profit for their shareholders, even whilst funding has been cut.

Unfortunately, there is little evidence to indicate that public bodies themselves have benefited from outsourcing and there are numerous examples of contracting out going wrong. Failure is not usually spectacular, although a number of high profile cases indicate that it can be. Of the many examples of councils terminating private contracts early, that APSE has looked at, it is general disappointment that drives the decision, along with an increasingly urgent need for greater direct control over the cost of the services concerned.

The relatively recent emergence of a market for outsourcing of elements of policing has raised widespread concern about the appropriateness of private involvement in a public service that is considered by many to be the most important of all. The case studies examined in this paper demonstrate how far companies such as G4S and Steria have already become involved in policing. While, as the government points out, they have not taken on the role of sworn police officers, they are nonetheless, engaged in work that is critical to effective policing. Moreover, civilianisation pursuant to the Police Reform Act 2002, has significantly reduced the range of activity that is reserved to constables. Contracting out has gone well beyond what most people would define as the back office, to include for example, managing custody suits and crime investigation.

Public disquiet at policing for profit is by no means the only reason for doubting that outsourcing will be beneficial to UK police forces. Evidence that it drives significant cost reduction across public services where it is already entrenched is very thin. On the other hand, there are numerous examples of failures in both procurement and contract management that have proven expensive. The West Coast mainline franchise shows what can happen when mistakes are made in the complex tendering process, while the G4S Olympics security contract demonstrates how failure to meet contractual terms can lead to crisis for the contracting authority. Over the long run, even apparently successful outsourcing arrangements can turn out to be poor value for money. The experience of Liverpool City Council and Somerset County Council show how vulnerable public bodies can be when strong commercial imperatives put profit before value to the tax payer.

The case for outsourcing is far from strong but is frequently presented as the only way to avoid cuts to front line policing. For PCCs, contracting out might seem like

Hobson's choice but it is neither the only, nor the best, alternative. If private contractors are able to make sustainable reductions to the cost of the services it is because they are able to identify and make improvements to the way they are provided.

Where savings are based on driving down pay and conditions, they are unlikely to be sustained and to the extent that they drive a reduction in the quality of service outcomes, have the potential to create additional costs through an increase in failure demand.

Bedfordshire Police force demonstrated that a systems thinking approach, utilising 'lean management' tools and techniques, is capable of identifying savings at least on a par with the outsourcing route. The in-house option broke new ground in terms of escaping the false division of back office/front line and police staff/sworn officer that underpins the outsourcing approach. This hopefully bodes well for other forces where only the development of a continuous improvement culture, focused on the performance of the policing service as a system, can hope to cope with current budgetary pressures.

The next Comprehensive Spending Review period will almost certainly bring renewed budgetary pressure. Public service providers that have tied a large portion of future expenditure into long term contractual arrangements will be least well placed to find further efficiencies and therefore least able to resist further cuts to front line services. The loss of flexibility that inevitably accompanies contracting out will leave these providers little room for manoeuvre and a much reduced scope when it comes to cutting spending. Ironically, given that outsourcing is so often justified in terms of protecting front line policing, it is the forces that go down that route that are least likely in the medium to long run to be able to avoid reduced service levels.

Action points

This report has discussed the background to the outsourcing of police support services and provided a critique of existing examples. It includes checklists of key messages, which demonstrate the limitations of outsourcing and promote a positive in-house alternative.

It is recommended that UNISON activists should:

- Determine the latest position of their local force in terms of: business planning, budget setting and resourcing.
- Determine the latest position of their local force in terms of the PCC's attitude to outsourcing.
- Communicate key messages to enlist political, media and public backing in UNISON's campaign against the outsourcing of police support services.
- Where outsourcing looks to be the favoured option, demonstrate evidence of: the weaknesses outsourcing and the positive aspects of an in-house alternative.
- The Association of Public Sector Excellence (APSE) is available to take on commissions to review police procurement proposals and champion the in-house alternatives. APSE can be contacted at www.apse.org.uk



Section nine

Further reading and references

From Commissioning to Contract Evaluation: UNISON's guide to campaigning and negotiating around procurement. Stock No. 2734

Working with local communities to fight cuts and privatisation: A practical UNISON guide. Stock No. 3006

The Case for In-House Services: A UNISON Branch Guide

Mutual Benefit: Should mutuals, co-operatives and social enterprises deliver public services? Stock No. 3009

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