

MUCH PAIN, LITTLE GAIN: PRIVATISATION AND UK GOVERNMENT LIBRARIES*

By Suzanne Burge

Abstract: The paper begins with an account of the introduction of the concepts of privatisation and market testing in UK government libraries. It looks at a number of case studies, of the Department of Health, the Ordnance Survey, the Export Market Intelligence Centre of the Department of Trade and Industry and the Department of Transport, each of which illustrates different aspects of the process. It then goes on to examine government librarians' attitudes to privatisation, based on a research study carried out in 1993, and updated by a smaller study in 1996-97. It ends by considering the present situation and the effect of a change of government in the UK on the Civil Service generally and government libraries in particular.

Disclaimer

Nothing in this paper should in any way be taken as representing the views of my employer, the UK's Ombudsman. Instead I am speaking in my capacity as Chair of the Librarians Group of the Institution of Professionals, Managers and Specialists (IPMS), the union which represents government librarians. As both the title and my union office might suggest, this paper does not claim to be a detached view of the experience of market testing and privatisation in UK government libraries. I am sure that no-one who lived through the experience could be without firm views about it, but I am taking care to declare mine from the start. I should also make it clear that while I had many discussions with present and former colleagues, all the opinions (and errors) in the paper are my own, with the exception of quotes from survey respondents.

Introduction

When the idea of this paper was first mooted, in Copenhagen in 1997, the other members of the Section on Government Libraries said that it was only fitting, since it was the UK which had introduced the idea. But this is not entirely true. In a paper given at the IFLA Conference in Beijing in 1996¹, Michael Koenig set out the history of privatisation in the U.S., tracing it back to 1955. Though there were a number of moves through the intervening years, the process really began,

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¹ Koenig, Michael. "User perceptions of the effect of the outsourcing of U.S. government libraries: a preliminary report." Beijing: IFLA, 1996

he said, in 1988, with a circular from the Office of Management and Budget, Enhancing Governmental Productivity², which stated that where the federal government was involved in commercial activities, these activities would be contracted out to private firms when it could be shown that this arrangement would be more cost-effective. Among the activities named as candidates for contracting out were laundry work, food preparation and serving, motorpool and vehicle maintenance, and library services.

Margaret Thatcher came to power in 1979 with a strong admiration for the American way of doing things and on a manifesto committed to reducing Civil Service numbers, and throughout the 1980s American initiatives for contracting out and privatisation were eagerly adopted by ministers, but rather less rapidly introduced by civil servants. The 1988 Ibbs report, Improving Management in Government: the Next Steps³ found “an insufficient sense of urgency in the search for better value for money and steadily improving services”. For some years departments had been required by the Treasury to set up an ongoing programme of contracting work out to the private sector, but while many of the candidates mentioned in the U.S. government circular - catering, departmental transport, cleaning, routine security - had been contracted out, government libraries had survived relatively unscathed because no suitable external supplier could be found. The experience of the Department of Trade and Industry (DTI), cited in David Allum’s paper, Contracting out and “efficiency and effectiveness” in government libraries⁴ demonstrates this. A scrutiny of library services at DTI in 1985 had put forward three radical strategies: -

the library could be closed and information bought from intermediaries

the library stock could be sold to a contractor and information bought from them

the library stock could be leased to a contractor and information bought from them.

It was assumed, with no obvious justification, that any contractor would manage the service more cost-effectively, and the argument that it would mean the loss of a national resource cut no ice at all. But it was recognised that there could be

² “Enhancing governmental productivity through competition: a new way of doing business within the government to provide quality government at least cost: a progress report on OMB Circular No. A-76, “Performance of Commercial Activities”.” Washington, D.C.: Office of Management and Budget, 1998.

³ “Improving management in government: the next steps: report to the Prime Minister / Efficiency Unit.” London: HMSO, 1988

⁴ Allum, David. “Contracting out and “efficiency and effectiveness” in government libraries.” In: Contracting out: the information issue. Hatfield: University of Hertfordshire Press, 1992

dangers in engaging a firm with no track record and inexperienced staff, and the lack of any contractor prepared to show any interest clinched the decision that the library should remain in-house. Subsequent reviews of library services in other departments came to the same conclusion, but government librarians were well aware that if government policy remained unchanged there would come a point when there were likely contractors out there.

In November 1991, the Government published Competing for quality⁵ in which the words “Market testing” appeared for the first time. The Cabinet Office unit which controlled market testing defined it as the “management process whereby managers seek to achieve their objectives by systematically reviewing the components of their business, thus ensuring that services are delivered at best value for money (VFM) ...the aim is to establish whether [private sector contractors] are both able and willing to provide an equal or improved level of service more cost effectively than can be achieved in-house (i.e. improved VFM.)” The latter part of this paper, which looks at the reactions of government librarians, and offers a number of quotes from those surveyed, will suggest that they might perhaps have come up with other definitions.

The U.S. procedures for the introduction of private contractors stated that they should beat the Government by a factor of at least ten per cent to cover the costs of the changeover in order to win the contract⁶, but no such safeguard was included in the UK system. While there were numerous instructions emerging from bodies such as the Treasury’s Central Unit on Purchasing about how privatisation, contracting out, market testing (all the terms were used fairly synonymously by the majority of those involved) should be conducted, departments retained a considerable degree of autonomy. This was not surprising given that the centre, while keeping a tight hold of the purse strings, was encouraging a substantial fragmentation of the machinery of government into a multiplicity of agencies.

Case studies

As a result, each department and therefore each of their library services, went through a different range of experiences, and it seems sensible to explore different aspects of the process by looking at a range of case studies. The first of these is of the Department of Health and, as it then was, Social Security (DHSS). When it became clear that libraries were to be affected by market testing, senior management within the library decided that as the process appeared to be

⁵ Cabinet Office. “Competing for quality / buying better public services”. (Cm 1730). London: HMSO, 1991

⁶ Koenig, *ibid.*

inevitable they should move quickly. This was in part because of the then lack of competition, a situation very likely to change, but also because they felt fairly confident of the outcome and were aware of the importance this might have for others in a similar situation. The Invitation to Tender duly appeared, in four sections: management, reader services, cataloguing and ordering, with bids being invited for all or any of the services. At this point, however, the Library underwent an experience that was to become all too familiar - the goal posts suddenly shifted i.e. the ground were changed. They were told that only one bid, an in-house one, would be accepted for the first three services, but that they would not be permitted to bid for the fourth area, ordering. As their bid had been constructed as a whole, with maximum flexibility built in, this created considerable problems, but not as many as the insistence on a single bid for the very complex area of publications supply, particularly so given the long-standing arrangements between all departments and the government publisher, Her Majesty's Stationery Office (HMSO). To an outside observer, this seemed to be a classic case of cherry-picking, selecting the one element in the bid where an outside contractor could be found, so that the Department could demonstrate to the Treasury that it was fulfilling its obligations whilst protecting the rest of the service. The DHSS contract for publications supply went to EBSCO in 1993, and substantial savings were claimed. But then it was also suggested that staff morale had been improved by the exercise.

If DHSS is an example of picking out just one part of the library service, the experience of the library at Ordnance Survey (OS) is the other end of the scale. Ordnance Survey, as its name suggests, began its life as an arm of the military, making maps for the army, but it is now a largely commercial organisation. In 1992 its library was part of Office Services Division, alongside Health and Safety, Records, Typing, Telephones, Transport, Accommodation, Security and Reprographics. (The vexed question of where to brigade libraries in government departments and agencies and the frequency with which they move from one command to another is a topic for a whole other paper.) OS decided to group the entire Division together and seek bids from facilities management companies. This posed very severe problems for a small library with only two professional staff, seeking to ensure that the interests of the library and its users were properly covered amongst a plethora of other competing claims. As the Government Libraries Journal remarked at the time “[It] raises the prospect that someone offering a really good deal on security guards could be given the job of running the library as well!”⁷

⁷ “Market testing news”. Government Libraries Journal, 3 (1), February 1993, p 6

In fact, some months later the consultants employed by OS to prepare the bid recommended that a number of areas, including the Library, should be withdrawn. The consultants suggested that it would not be possible for an outside contractor to guarantee that they could provide knowledgeable and competent staff, and that if OS felt that it needed to make savings in this area then a management review would be a more useful method of achieving this.

Reference has already been made to the scrutiny of the Department of Trade and Industry's library services in 1985, but the Department also includes the Export Market Intelligence Centre (EMIC), a business library provided by the export promotion divisions of DTI for the benefit of UK businesses researching overseas markets. While the majority of its customers are members of the public, it is a valuable resource for DTI (and the rest of government) and has close links with the Department's main Library and Information Service, with professional staff transferring back and fro, for example.

The announcement that EMIC was to be market tested came early in 1993 and staff were assured that the aim was not a drive for privatisation, but to achieve the best possible service, and a quality bid could win even if it was not necessarily the cheapest - a necessary assurance since the Minister heading the department at the time was Michael Heseltine, one of the strongest advocates of privatisation. There was a strong feeling amongst staff that the Department's (not the Library's) senior management would prefer an external contractor to win, and it was recognised that the in-house bid would inevitably involve a great deal of work, which would have to fitted in alongside the existing task of maintaining a quality service to users. Initially the work on the bid generated a strong sense of enthusiasm and enjoyment, as all staff worked together as a team, and the skills learnt and exercised contributed to everyone's personal development and job satisfaction. However the greatly increased workload created a high level of stress (including one case of long term sick leave), and the lack of confidence in the objectivity of those who would be making the decision meant that as time wore on the many of the positive aspects were lost. Staff who would normally expect to move between posts in EMIC and DTI's main library service found themselves locked in to what seemed to a lost cause, and this increased their sense of isolation. Rumours were rife - that late bids were being solicited from other sources because it looked as if the in-house one might win, that the chair of the committee openly supported the cheapest bid even though it did not meet a majority of the criteria set out in the tender document. By now the other contractors who had not existed in the eighties and at the beginning of the nineties were around, though interestingly they were largely public sector or former public sector organisations rather than private enterprise. Of the six invited to bid, only three eventually did so, the in-house

team, the British Library's Science Reference and Information Service (SRIS) and a joint bid by the Institute of Export & Business and Trade Statistics Ltd. As the bids were under consideration individual members of the Steering Committee let it be known that they would prefer an external bidder to win, and library staff came to feel that every time the Committee regrettably came up with the conclusion that the decision should go in-house, the goal posts were moved and the Committee was sent back to try and come up with the *right* answer.

The decision, finally announced in Spring 1994, went to the in-house team but with a sting in the tail - summarised somewhat bitterly by one disillusioned EMIC member as "You may have won - against my better judgement, - but you're going to be made to contract out the most interesting bits of the work to the those same external bidders who failed to win the contract!" Under the process called partnering, very new at the time, but now much more widespread, EMIC was tasked with exploring working together with the unsuccessful bidders to offer new or innovative services to customers, with the core service being provided by the in-house team.

The final example I want to consider is that of the Department of Transport (DoT). The Department has had a chequered history. Though once separate, the Departments of Environment and Transport had been combined for a number of years before being once again split apart at the beginning of 1994. The original intention had been to create two separate library services, and work had begun on this, when senior management at the Department of Transport decided to take the first of the options contained in the 1985 DTI scrutiny, that of closing the library and buying in services. They called in external consultants, and as a result of their recommendations, the stock was largely disposed of, publications budgets devolved to divisions and purchasing outsourced, and a contract signed with British Library (BL) to provide an information service, based on one professional librarian, employed by BL on a casual basis. For some time the Department of the Environment's Library continued to provide a service to Transport's users, so they were to a degree cushioned from the full impact of the decision, but this could not last. It is noticeable that, though senior management at DoT claimed the experiment had been highly successful, now the departments have once again been combined in the Departments of Environment, Transport and the Regions (DETR) normal library services are swiftly being resumed - though of course neither the stock or the staff expertise lost can ever be replaced.

As the above suggests, different libraries' experience of market testing and its related processes of privatisation and contracting out impacted on their staff in a variety of ways. Some libraries were unaffected - certain departments declared their libraries *de minimis* - too small in budgetary terms to be worth considering.

Others went part way down the road before the process was called off, usually through lack of other bidders. Yet others found themselves working under different conditions or left or were made redundant as the organisations they worked for themselves suffered privatisation or contracting out - the Atomic Weapons Establishment or the DTI's Warren Spring Laboratory, for example. But very few librarians felt unaffected - as a group we tend to move between departments for career development, so many of those who were not themselves involved would have former colleagues and friends who were. How did government librarians react to the whole process?

The views of government librarians

In 1993 I began work on a major survey of UK government librarians' career development, subsequently published as Broken down by grade and sex.⁸ An eighteen page questionnaire, covering topics such qualifications, career choice, career progression, alternative working patterns and future plans, was distributed widely and some four hundred returns, a response rate of 68%, received. One of the sections dealt with market testing and related topics and asked how respondents' attitudes to their jobs had changed in the light of such developments, whether they foresaw them having an impact on their future careers, and what that impact was likely to be. The questions were repeated, in a slightly modified form, in a much smaller follow-up survey, carried out in 1996-97.

When the 1993 survey was carried out, Next Steps and market testing were major issues for most government librarians. Changing librarian career patterns, the other topic included in the list given in the question, "Do you see your future career progression being affected by any of the following?" had yet to make any real impact. The responses to the 1997 survey reflect how things had changed in the intervening three and half years. Next Steps agencies had become a fact of life, market testing was virtually over, though its offspring, "Competing for Quality" remains in a variety of forms, and changing librarian career patterns in the shape of new pay and grading structures had become a reality for more than 80% of the respondents.

The negative aspects have receded - it may be false hope but Investors in People is more hopeful than market testing. Information is seeing a revival.

Despite this, the proportion of those seeing the changes as positive had dropped very slightly, from nearly 17% in 1993 to just over 14% in 1997, and the

⁸ Burge, Suzanne. "Broken down by grade and sex: the career development of government librarians." London: Library Association Government Libraries Group, 1995

proportion seeing them as negative had gone up from 51% to 57%. (Interestingly, in both surveys men were more likely to be negative than women.) By 1997 the numbers believing that market testing and contracting out would affect their future careers had dropped from nearly 85% to just under 63%, a measure of its reducing impact. This was also reflected in the responses to the final question in the group, "Do you see these developments as having a positive or negative effect on your career?" Some 21% saw them as positive in 1997, compared with 15% in 1993, but while the numbers seeing them as neither positive or negative remained remarkably consistent at 23%, there was a majority, 61% in 1993, 55% in 1997, which saw them as having a negative effect. The following comments give some of the flavour:

From 1993:

I realise now that Civil Service library posts are not "jobs for life" which one might originally have thought. I consequently feel more motivated as the job becomes more competitive.

I'm having to spend large amounts of time providing endless statistics, responding to minutes, etc. rather than doing the JOB. Also a bit more job security would be nice!!

I didn't join to become an accountant.

Having to justify what you do means in some ways looking anew at jobs and then being more confident that what we offer is what is needed.

Market testing has badly affected staff morale.

Fearing that your livelihood may be threatened does not foster a positive attitude.

If the developments were carried out fairly and with a view to improving services the effects might even be positive, but as the main concern is costs, effects are likely to be negative.

>From 1997:

Not so much attitude that's negative - just that one doesn't work optimally if perpetually worried about merger / market test, etc.

These changes, however sensible in themselves, are the result of a purely political dislike of civil servants.

Seem to spend as much time justifying the need for the work as actually doing it.

Although frequently driven by political forces beyond our control, the initiatives may give librarians an opportunity to seize the moment and prove skills we possess but under-utilise at present (e.g. information management) are valuable.

The future

For government libraries as such, though not necessarily for their parent organisations, market testing, contracting out and privatisation now seem to be pretty much a thing of the past. In 1994 the Conservative government issued a

new White Paper, The Civil Service: continuity and change⁹. It restated the government's commitment to privatisation, but it then went on to say:

“... it will be for departments and agencies themselves to take the lead in combining the right policies into a coherent package in the light of detailed knowledge of their own situation.”

The (comparatively) new Labour government is not hostile to privatisation - it is prepared to consider privatising air traffic control and the Post Office, both of which the Tories balked at, but the document it issued early in July 1998, Better quality services,¹⁰ does make one important change - while market testing, contracting out and privatisation remain options that must be examined by the organisation, they will no longer automatically be favoured over keeping services in-house. It also recognises that “Quality can only be achieved if staff feel fairly treated and are motivated in their work”. Quite how it will work in practice remains to be seen. However, in its emphasis on regular review it fails to recognise that once a service has gone outside, it is almost certainly gone forever, since the costs of recreating it from scratch in-house are likely to be prohibitive, no matter how unsatisfactory the alternative.

Conclusions

One of librarians' most valuable skills has always been networking, and this period demonstrated it to the full. The Committee of Departmental Librarians, on which the chief librarians of all the major departments are represented, set up a group which brought together those at all stages of the process, so experience and documentation could be shared. Working in co-operation with the union, through its branches and the Librarians Group, and with the Library Association at times, considerable information and support could be made available.

Large claims were made for market testing and privatisation in terms of cost and efficiency savings when the proposals were introduced. Global figures were quoted by government at regular intervals, but it has always proved difficult to obtain figures in any detail. In libraries any figures tend to be notable for the things they did not count - the amount of staff time and effort put into preparing bids, staff time spent in resolving problems arising from managing contracts, etc. Much the same applies to efficiency. The majority of government libraries have always engaged - as I am sure do all other sorts of libraries - in constant review of services and procedures, and no doubt many of the changes claimed as a result of

⁹ “The Civil Service: continuity and change.” (Cm 2627). London: HMSO, 1994

¹⁰ “Better quality services: a handbook on creating public/private partnerships through market testing and contracting out.” London: The Stationery Office, 1998

market testing would have taken place anyway, though perhaps with more support from staff and better timing.

In theory the libraries most vulnerable to market testing should have been those least well-integrated into their parent organisations, as it would be just these organisations which would have the least reason to appreciate the particular added value that an in-house service contributed, but this was not necessarily the case. Market testing did however very dramatically illustrate how important it was that the organisation at all levels understands the value of the assets it possesses in its information professionals - an ongoing task for us all.

Posts were lost in some areas as services were cut to ensure bids came in at the right level, after decades of slow but steady growth, but numbers would appear to be creeping back up again as information professionals in a number of departments move into areas such work on information management.

In many cases the greatest impact was on morale. For senior library staff in some cases morale improved, because they were fighting a battle they felt they could win - though for others the weight of responsibility for their staff and service fell heavy. But for more junior staff there was great stress with all too often few or no compensations. Workloads increased, future careers seemed threatened, and because of the nature of the process there were long periods when either confidentiality meant no information could be passed to them, or the longeurs of the process meant that nothing was happening so there was nothing they could be told. At such times rumours flourished, damaging morale still further. The view of certain members of the government, despite its routine protestations otherwise, that civil servants were parasites on the body politic, did not help.

The title of this paper - "Much pain, little gain" is perhaps the most concise summary I can offer.

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