

THE EFFECT BROUGHT ABOUT BY THE  
IMPLEMENTATION OF A COMPULSORY COMPETITIVE  
TENDERING POLICY ON THE ADMINISTRATION  
OF PARKS AND RECREATION MAINTENANCE  
IN BRITAIN: 1988 – 1994

by

ERIC HAYCOCK

Submitted in fulfilment of the requirements for  
the degree of

MASTER OF ADMINISTRATION

in the subject

PUBLIC ADMINISTRATION

at the

UNIVERSITY OF SOUTH AFRICA

SUPERVISOR: DR M ODENDAAL

JANUARY 2000

\*\*\*\*\*

## **ACKNOWLEDGEMENTS**

Glory to God who, through His grace, gave me the competencies to complete this study.

My gratitude goes to my supervisor, Doctor M. Odendaal for her constructive criticism, her unrelenting guidance and support throughout this research, and most of all, her confidence in me.

My special thanks to Professor J. C. Pauw for his contribution.

The financial assistance of the Center for Science Development, (HSRC, South Africa) towards this research is hereby acknowledged. Opinions expressed and conclusions arrived at, are those of the author and are not necessarily to be attributed to the Center for Science Development.

To my family and friends, no words could ever express my appreciation of your patience with me throughout my academic life.

## **SUMMARY**

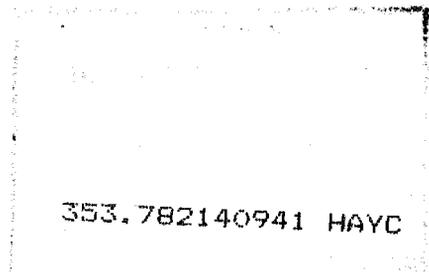
The aim of the study was to analyze the effect brought about by the promulgation of the British Local Government Act of 1988 on the maintenance of parks and recreational services. The Act made it compulsory to local authorities to expose the maintenance of parks and recreational services to a tendering process, commonly known as compulsory competitive tendering. The implementation of compulsory competitive tendering had to be done between the promulgation of the Act in 1988, and 1994. With regard to this period, a perception existed that the standard of the administration of the maintenance of parks and recreational services declined.

The research was done to determine if the implementation of compulsory competitive tendering on the maintenance of parks and recreational services could have resulted in a decline in the standard of the administration of the services, and how it could have happened. It was determined that the motive of the British Government at the time of implementation of the compulsory competitive tendering was primarily to save money. The result of the implementation of compulsory competitive legislation on the maintenance of parks and recreational services were amongst other things:

- low morale of staff who were pressured to change
- culture changes necessary to comply to compulsory competitive organisational structures
- legislation that influenced the lives of traditional local authority employees drastically, and
- the development of a new approach to financial management to comply to the government's expectations of saving money.

## KEY TERMS

maintenance of parks and recreational services  
implementation of compulsory competitive tendering  
compulsory competitive tendering approach  
commercialisation  
local authorities  
Local Government Act of 1988  
client and contractor  
culture and organisational change  
maintenance costs  
British Government



0001764934

# TABLE OF CONTENTS

	PAGE
<b>CHAPTER 1: OBJECTIVES AND EXTENT OF STUDY</b>	
1.1 INTRODUCTION	1
1.2 PROBLEM STATEMENT	2
1.3 PURPOSE OF STUDY	3
1.4 METHOD OF STUDY AND PRESENTATION	3
1.5 DEMARCATION OF STUDY	4
1.6 EXPLANATION OF TERMINOLOGY	5
1.6.1 BENCHMARKING	5
1.6.2 BUSINESS OR SERVICE UNITS	5
1.6.3 BUSINESS PLANNING	6
1.6.4 CLIENT	6
1.6.5 COMPETITIVE ARRANGEMENT	6
1.6.6 COMPETITIVE TENDERING	7
1.6.7 CONTRACTOR	7
1.6.8 COMMERCIAL ENTITY	7
1.6.9 CONTRACTING OUT	7
1.6.10 CORPORATION OR TRADING ENTERPRISE	8
1.6.11 ENTERPRISE BARGAINING	8
1.6.12 INFORMATION AND EDUCATION	8
1.6.13 IN-HOUSE AGREEMENT	8
1.6.14 MANAGEMENT UNIT	9
1.6.15 ORGANISATIONAL CHANGE	10
1.6.16 PERFORMANCE MEASUREMENT	10
1.6.17 PRIVATE SECTOR CONTRACTOR	10
1.6.18 PRIVATISATION OR SELLING OFF	10
1.6.19 QUALITY ASSURANCE	11
1.6.20 SPECIFICATION	11
1.6.21 SUPPORT FUNCTION	11
1.6.22 UNIT COST	11

1.6.23	VALUE OF COMPETITIVE ARRANGEMENTS	12
1.7	GATHERING OF INFORMATION	12
1.8	METHOD OF REFERENCE	13
1.9	SEQUENCE OF STUDY	13
1.10	CONCLUSION	14

**CHAPTER 2: HISTORICAL EVENTS INFLUENCING THE DEVELOPMENT OF THE COMPULSORY COMPETITIVE TENDERING PROCESS OF PARKS AND RECREATIONAL SERVICES IN BRITISH LOCAL AUTHORITIES**

2.1	INTRODUCTION	16
2.2	HISTORICAL EVENTS INFLUENCING THE DEVELOPMENT OF PARKS AND RECREATIONAL SERVICES IN BRITAIN	17
2.3	PRIMARY REASONS LEADING UP TO THE COMPULSORY COMPETITIVE TENDERING PROCESS OF PARKS AND RECREATIONAL SERVICES	21
2.3.1	REASONS FOR EXPOSING PARKS AND RECREATIONAL SERVICES TO COMPETITIVE TENDERING	21
2.3.2	COMPULSORY COMPETITIVE TENDERING OBJECTIVES OF THE BRITISH GOVERNMENT INFLUENCING THE MAINTENANCE OF PARKS AND RECREATIONAL SERVICES	24
2.4	HISTORICAL DEVELOPMENT OF BRITISH COMPULSORY COMPETITIVE TENDERING RELATED LEGISLATION	27
2.5	RESISTANCE CAUSING DELAYS IN THE BRITISH COMPULSORY COMPETITIVE TENDERING PROCESS FOR THE MAINTENANCE OF PARKS AND RECREATIONAL SERVICES	32
2.6	CONCLUSION	34

## CHAPTER 3: SCOPE OF LEGISLATION AND THE PROCESS OF COMPULSORY COMPTITIVE TENDERING

3.1	INTRODUCTION	36
3.2	GENERAL INFLUENCE AND IMPACT OF THE LOCAL GOVERNMENT ACT OF 1988 HAD ON THE MAINTENANCE OF PARKS AND RECREATIONAL SERVICES IN BRITAIN	36
3.2.1	SCOPE OF THE LEGISLATION	37
3.2.2	DEFINED ACTIVITIES	37
3.2.3	THE PROCESS OF COMPULSORY COMPETITIVE TENDERING	37
3.2.3.1	PUBLISHING OF NOTICE	38
3.2.3.2	DURATION OF CONTRACT	39
3.2.3.3	PROMOTION OF A COMPETITIVE ENVIRONMENT	39
3.2.3.4	WRITTEN BID	40
3.2.3.5	ACTIONS OF LOCAL AUTHORITIES	40
3.2.3.6	COMPLIANCE WITH SPECIFICATIONS	41
3.2.4	EXEMPTIONS FROM COMPULSORY COMPETITIVE TENDERING	41
3.2.5	FINANCIAL RATE OF RETURN TO LOCAL AUTHORITIES ON PRE-COMPETITIVE TENDERING EXPENDITURE	42
3.2.6	CONTRACT DURATION	43
3.2.7	FINANCIAL REQUIREMENTS	44
3.3	GUIDE TO APPRAISE TENDERS AND THE SELECTION OF TENDERERS	45
3.3.1	CONTRACTUAL ARRANGEMENTS	45
3.3.2	SPECIFICATIONS	45
3.3.3	PREPARATION WORK	46
3.3.3.1	ADVERTISING (INVITATION TO TENDER)	46
3.3.3.2	TIME SCALES	46

3.3.3.3	STEPS TO TENDER	47
3.3.4	LETTING THE CONTRACT	49
3.4	ENFORCEMENT OF THE LOCAL GOVERNMENT ACT OF 1988	50
3.4.1	ANTI-COMPETITIVE TENDERING	50
3.5	RELATED LEGISLATION INFLUENCING THE MAINTENANCE OF PARKS AND RECREATIONAL SERVICES	53
3.5.1	EUROPEAN COMMUNITY LEGISLATION	54
3.5.2	BRITISH MINISTERIAL REGULATIONS	55
3.6	CONCLUSION	55

#### **CHAPTER 4: A THEORETICAL FRAMEWORK TO EXPLORE THE OPTIONS AVAILABLE FOR DEVELOPING A COMPULSORY COMPETITIVE TENDERING APPROACH IN BRITAIN**

4.1.	INTRODUCTION	57
4.2.	A THEORETICAL OVERVIEW OF COMPULSORY COMPETITIVE TENDERING	58
4.3.	SELECTION CRITERIA FOR COMPULSORY COMPETITIVELY TENDERING	61
4.4.	OPTIONS TO DEVELOP A COMPETITIVE SERVICE APPROACH	64
4.4.1	BUSINESS OF SERVICE UNITS	66
4.4.2	CORPORATISATION OF LOCAL AUTHORITY SERVICES	69
4.4.3	CONTRACTING OUT OF SERVICES 'OUTSOURCING'	71
4.4.4	PRIVATISATION OR SELLING OFF	72
4.5.	THE DEVELOPMENT OF A COMPETITIVE SERVICE APPROACH IN BRITAIN	74
4.5.1	CONSIDERATIONS TO DEVELOP A SPECIFIC COMPETITIVE SERVICE APPROACH	75

4.6.	CONCLUSION	82
------	------------	----

## CHAPTER 5: CHANGES BROUGHT ABOUT TO SERVICE RENDERING TO PARKS AND RECREATIONAL SERVICES AS A RESULT OF THE COMPULSORY TENDERING PROCESS

5.1.	INTRODUCTION	84
5.2.	CULTURE CHANGES RESULTING FROM THE IMPLEMENTATION OF A COMPULSORY COMPETITIVE TENDERING PROCESS	85
5.2.1	FACTORS INFLUENCING THE CULTURE CHANGES WITHIN A COMMERCIAL ENTITY	86
5.2.2	ESTABLISHMENT OF COMMERCIAL ENTITIES	89
5.2.2.1	UNDERSTANDING CONTESTABILITY IN A CHANGING CULTURE ENVIRONMENT	89
5.2.2.2	SUCCESS INDICATOR	90
5.2.2.3	RELATIONS BETWEEN COUNCILLORS AND COMMERCIAL ENTITIES	92
5.2.2.4	RELATIONS BETWEEN THE "CLIENT SIDE" STAFF MEMBERS AND THE COMMERCIAL ENTITY MANAGERS	93
5.2.2.5	RELATION BETWEEN SUPPORT SERVICES AND COMMERCIAL ENTITIES	95
5.2.2.6	COMMUNICATION	96
5.2.2.7	CUSTOMER FOCUS	97
5.2.2.8	MARKETING AND BUSINESS PLANNING	98
5.2.2.9	IMAGE	98
5.2.2.10	MANAGEMENT STYLE AND THE CULTURE OF THE CLIENT	99
5.2.3	SIGNIFICANT CULTURAL CHANGES RESULTING FROM COMPULSORY COMPETITIVE TENDERING OF PARKS AND RECREATIONAL SERVICES MAINTENANCE	100

5.3	CHANGING ORGANISATIONAL STRUCTURES INFLUENCING THE MAINTENANCE OF PARKS AND RECREATIONAL SERVICES	102
5.3.1	STRUCTURAL CHANGES OF THE CLIENT AND CONTRACTOR DURING THE IMPLEMENTATION OF A COMPULSORY COMPETITIVE TENDERING PROCESS	104
5.3.2	CLIENT AND CONTRACTOR FUNCTIONS AND RESPONSIBILITIES	105
5.3.3	REASONS FOR ADVOCATING SEPARATION OF THE CLIENT AND CONTRACTOR ROLES IN THE ORGANISATION	105
5.3.4	OBJECTIVES WITH THE CREATION OF NEW ORGANISATIONAL STRUCTURES	107
5.3.5	DETRIMENTAL ORGANISATIONAL EFFECTS THAT OCCURRED DUE TO CLIENT AND CONTRACTOR SEPARATION	108
5.3.5.1	SKILL SHORTAGES AS A RESULT OF THE CLIENT AND CONTRACTOR SPLIT	109
5.3.5.2	CONFLICT OF INTEREST BETWEEN THE CLIENT AND THE CONTRACTOR	109
5.3.6	DIFFICULTIES EXPERIENCED BY EMPLOYEES TO ADAPT TO CHANGE	111
5.4	FINANCIAL IMPLICATIONS FOLLOWING THE BRITISH COMPULSORY COMPETITIVE APPROACH	113
5.4.1	UNDERSTANDING FINANCIAL COMPETITIVENESS	114
5.4.2	ESTABLISHING INFORMATION AND ACCOUNTING SYSTEMS	115
5.5	CONCLUSION	116

## **CHAPTER 6: CONCLUDING REMARKS, EVALUATION AND PROPOSALS OF THE STUDY**

<b>6.1</b>	<b>INTRODUCTION</b>	<b>119</b>
<b>6.2</b>	<b>CONCLUDING REMARKS</b>	<b>119</b>
<b>6.3</b>	<b>EVALUATION OF, AND PROPOSALS OF THE STUDY</b>	<b>123</b>
<b>6.4</b>	<b>PROPOSALS FOR THE CONTINUOUS MAINTENANCE OF PARKS AND RECREATIONAL SERVICES UNDER THE BRITISH COMPULSORY COMPETITIVE TENDERING APPROACH</b>	<b>127</b>
<b>6.5</b>	<b>POSSIBLE RESEARCH PROJECTS RESULTING FROM THE IMPLEMENTATION OF THE COMPULSORY COMPETITIVE TENDERING PROCESS</b>	<b>129</b>
<b>6.6</b>	<b>CONCLUSION</b>	<b>130</b>
	<b>LIST OF SOURCES</b>	<b>131</b>

## **CHAPTER 1**

### **OBJECTIVES AND EXTENT OF STUDY**

#### **1.1 INTRODUCTION**

Urban parks and recreational services in Britain in recent years have been the subject of professional and public discussion regarding perceptions of:

- the perceived decline in the standard of maintenance of parks and recreational services;
- their perceived failure to serve as recreational resources;
- the restoration or redesign of parks and recreational services to solve the aforementioned issues.

This situation may be ascribed to developments that started more than two decades ago, and that was triggered by the competitive tendering process. The following are some examples in this regard. During 1980, the Local Government Planning and Land Act made competitive tendering compulsory for some housing maintenance on government buildings and highways work. The Local Government Act of 1988, represents the most systematic attempt to date to force local councils to compete with the private sector for the right to deliver services such as parks and recreational services. Under the Local Government Act of 1988, local authorities had to expose ground maintenance work to compulsory competitive tendering.

The aim of this introductory chapter is to contextualise the dissertation and to explicate the way the problem was experienced at the British local government level with the continuous rendering of traditional parks and recreational services. The purpose of the study is to analyse the effect brought about by the implementation of compulsory competitive tendering on the administration of the maintenance of parks and recreation services between the years 1998 – 1994. The method of the study as well as the presentation will thereafter be dealt with. The demarcation of the study in order to specify the extent thereof will be dealt with where after the method used for gathering information will be discussed. Terminology of importance will be defined

and the method of reference will be explained. Giving a short summary of every chapter will then set out the sequence of the study.

## **1.2 PROBLEM STATEMENT**

There has been, over the last few years and in particular since the late 1980's, a perception that the standard of maintenance of British urban parks and recreational services were declining. Primarily landscape professionals such as park managers, landscape architects, horticulturist, planners and even the public noticed this trend in the decline in standard of maintenance in general. Some identified the implementation of compulsory competitive tendering through the promulgation of the Local Government Act of 1988 and financial constraints of local authorities, as the primary causes for the perceived decline in the standard of maintenance of British parks and recreational services (Thomas 1994:21). Research is required to determine whether this view can be corroborated.

The quality of recreational services for most people in Britain is heavily influenced by the way Local Authorities maintain their parks "Councils in England spend about £800 million annually i.e. £16 per resident, on the activity" (British Audit Commission 1990:1). Compulsory competitive tendering were introduced at a time when the British Government's intention was to reduce local authority's expenditure and increase control over local authorities' expenditure.

In an attempt to solve the financial restraints in Britain, the Local Government Act of 1988 was promulgated. Under the Local Government Act of 1988, a local authority has to invite tenders from in-house or private contractors for maintenance of parks and recreational services, whereas in the past its own workforce conducted it. The introduction of compulsory competitive tendering currently has a major impact on parks and recreational services in Britain (British Audit Commission 1990:1). "The Act stipulates that authorities whose expenditure exceeds £100,000 per annum had to put twenty percent of their work out to tender by 1 January 1990, forty percent by the year after, until 1 January 1994 when all work had to be subject to competition" (British Audit Commission 1990:1).

The opinion of some users of parks and recreational services and landscape professionals such as park managers, landscape architects and horticulturists seems to be that the introduction of a compulsory competitive tendering process is to be blamed for the decline in the standard of maintenance of parks and recreational services. This perception is conveyed through frequent articles, discussion papers, reports, campaigns and heated debate in conferences and seminars. Headlines like, "The once glorious park now languishes on death row" became a common phenomenon in Britain (Nicholson 1994:6). It is also said by landscape professionals and users of parks and recreational services that the services failed as a recreational resource. It is felt that, where work has been exposed to competitive tendering in terms of the Local Government Act of 1988, contractors will always look for ways to maximise profits and cut corners, for instance by utilising less skilled and inexperienced staff to cut costs (Local Government Information Unit 1995:114). This thesis will investigate the validity of this perception.

### **1.3 PURPOSE OF STUDY**

The problem experienced during the implementation of compulsory competitive tendering (between January 1988 until January 1994 when the maintenance work was subjected to implementation in Britain), was a decline in the administration of maintenance of parks and recreational services. The probable effect that compulsory competitive tendering had between 1988 and 1994, which was the period of promulgation to completion of the implementation of the Local Government Act of 1988, will be determined. The aforementioned Act introduced the compulsory competitive tendering process in Britain.

### **1.4 METHOD OF STUDY AND PRESENTATION**

Explanations will be provided for the situation which occurred before (1988) as well as for the period after 1994 when compulsory competitive tendering was implemented. The framework of reference in which the study is undertaken will be defined and systematically set out, terminology explained and methods of reference used will be described.

The objective is to explore one explanation resulting in the perceived decline in the standard of maintenance of British urban parks and recreational services; by determining what the impact of the implementation of the compulsory competitive tendering process by the British Government was.

In depth research into the subject of competitive tendering in the British context will be undertaken by systematically collecting data to find answers and to bring the following questions into proper relation with the problem of decline in the standard of maintenance of parks and recreational services:

- Why was it decided to expose the British local government parks and recreational services to compulsory competitive tendering?
- What choices are available for developing a competitive approach?
- How was competitive tendering introduced?
- Who are the key role players in the competitive tendering process?
- What changes had to take place to accommodate the competitive approach?
- What contracting and tendering process was followed?
- What were the financial implications of the competitive tendering approach on the British local authorities?

## **1.5 DEMARCATION OF STUDY**

The study will focus on the effect that the implementation of compulsory competitive tendering, through legislation, in Britain had on the perceived decline of the standard of maintenance of parks and recreational services in Britain.

The study will focus on the period between January 1988, the year in which the Local Government Act of 1988, enforcing compulsory competitive tendering, was promulgated and January 1994 when all the maintenance of parks and recreational services, traditionally rendered by Local Government, had to be subjected to competition. It is in exceptional cases necessary to refer to periods before 1988, because of the adoption of a British Government privatisation policy early in 1980, and to occasionally refer to dates after January 1994 to illustrate what impact

compulsory competitive tendering eventually had after the implementation of the said Act.

Compulsory competitive tendering was imposed at a time when the British Government was intent on reducing local government expenditure and increasing its control over the local authorities' expenditure, also in terms of the maintenance of parks and recreational services. The Act stipulates, for example, that authorities whose expenditure exceeded £100.000 per annum had to put twenty percent of their work out to tender by 1 January 1990, forty percent by the year thereafter, until 1 January 1994 when all work had to be subjected to competition.

## **1.6 EXPLANATION OF TERMINOLOGY**

The following terminology is explain for the convenience of the reader. The explanation of the meaning of terminology is necessary to prevent confusion.

### **1.6.1 Benchmarking**

Benchmarking is the process whereby a local authority compares its own work, services and practices against those of other organisations. It is not simply an exercise of measurement, but a continuous learning process to improve a local authority's performance to meet and exceed the set standards, for example a standard to which grass must be cut (Boyd 1993:43).

### **1.6.2 Business or service units**

Business or service units are in-house local authority services or work areas that operate on commercial or business principles with the autonomy to compete both internally and externally for work (Boyd & Cronin 1994:3).

### **1.6.3 Business Planning**

Business planning is a process of thinking strategically about the future of a service, analysing the threats and opportunities, then deciding on the preferred goals and strategies of action for a given period of time; the outcome being a business plan (Swan 1994:31).

### **1.6.4 Client**

Client refers to the employees in a local authority who (after implementation of compulsory competitive tendering) are among other things, responsible for drawing up specifications to control contractors and who manage the maintenance of parks and recreational services.

### **1.6.5 Competitive arrangement**

*Competitive arrangement* refers to:

- a contract for the supply of goods or services to a local authority, or for the undertaking of work for a local authority entered into by the local authority in writing after a competitive process conducted by it;
- an in-house agreement; (see paragraph 1.6.13 for a definition of in-house agreement);
- a contract for the supply of goods or services, or for the undertaking of work, by a local authority to or for another person entered into by a local authority in writing after it submitted a tender as part of a competitive process conducted by that person;
- a contract in writing or in-house agreement that has been approved by an authorised person or institution (North 1994:3).

### **1.6.6 Competitive Tendering**

Competitive tendering is the process of:

- publicly advertising tender documents and specifications for local authority services, projects and works to be considered by interested contractors or providers of the service, project or work
- or awarding a contract to the preferred tenderer. (This can be to in-house staff who actually prepare a tender bid and compete for the right to maintain their own service, or to an external contractor or provider, or even alienating of parkland should the function be privatised.) (Boyd & Cronin 1994. 3)

### **1.6.7 Contractor**

A contractor is the business or service unit, corporation or trading enterprise, external provider/commercial entity who won the tender and who is responsible for the actual maintenance of parks and recreational services.

### **1.6.8 Commercial Entity**

A commercial entity refers to an in-house contractor rendering the service of maintenance of parks and recreational services based on economic principles under the service alternative of either one of the following:

- Business or service unit, or
- Corporation or trading enterprise.

### **1.6.9 Contracting out**

Contracting out is the process whereby a local authority invites and awards tenders for fulfilling a project or work. The local authority may have an in-house labour force but decide, after entering a competitive tendering process, to use outside contractors. (In this situation a local authority retains overall control of the direction of

the project or work and has an option at some future time to revert to full in-house responsibility (Boyd & Cronin 1994:3).

#### **1.6.10 Corporation or trading enterprise**

A corporation or trading enterprise involves the establishment of a legal corporate entity in which a local authority (or combination of local authorities) holds a majority of shares and voting rights and is established for operating specific functions or services on a competitive basis with other public and private sector competitors (Boyd & Cronin 1994:3).

#### **1.6.11 Enterprise bargaining**

Enterprise bargaining refers to the negotiations relating to compulsory competitive tendering between employers and employees on how to retain and improve the local authority's standard of service (Boyd 1993:43).

#### **1.6.12 Information and education**

Information refers to data about the need and the changing circumstances of local authorities. Education refers to the opportunity for training and development of some of the concepts, skills required and the systems needed to establish within a local authority (Swan 1994:32).

#### **1.6.13 In-house agreement**

An in-house agreement is an agreement by a member/s of a local authority's staff, to supply goods or services to the local authority, or to undertake work for the local authority that:

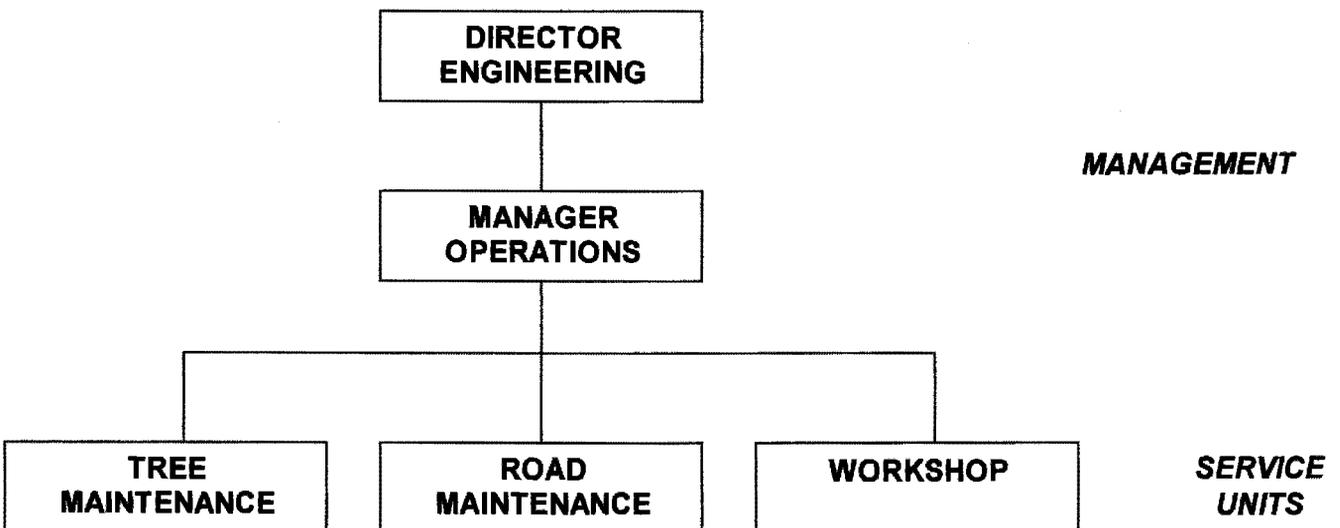
- is entered into by a local authority after a competitive process conducted by it;

- is in writing;
- describes the goods or services to be supplied, or the works to be undertaken; and
- sets out the annual cost of, and performance criteria relating to, those goods, services or work. (North 1993:3).

#### 1.6.14 Management unit

A management unit (see figure 1.1) is responsible for managing contracts under direct control of a local authority; for example, a contract for the maintenance of parks and recreational services (Swan 1994:33).

**Figure 1.1: A Management and Service Unit**



**Adapted from an official document of the City of Knox (1993:6)**

### **1.6.15 Organisational change**

An organisation entails the purposeful ordering of people and resources that are needed to achieve objectives. Organisational change is a process whereby an institution and its personnel exchange something old for something new, in which the personnel must unlearn and relearn, exchange power and status, and exchange norms and values for new norms and values (Swan 1994:31).

### **1.6.16 Performance measurement**

Performance measurement is implemented to make sure that set standards on the maintenance of parks and recreational services are met. Performance measurement refers to comparison between set standards and standards achieved in an attempt to exercise control, but also to determine the impact and effectiveness of the standards achieved (Boyd 1993:43).

### **1.6.17 Private Sector Contractor**

A private sector contractor is also referred to as an external contractor; a contractor competing with in-house contractors for the maintenance of parks and recreational services.

### **1.6.18 Privatisation or selling off**

In local government 'selling off' means the selling off or divestiture of a clearly identifiable operation or service of a local authority to the private sector after which a local authority has no further say in the operation of that service and retains no statutory, or could hold no further stewardship responsibility (It is one of the ways of reducing the role of government, or increasing the role of the private sector in an activity or in the ownership of assets) (Boyd & Cronin 1994:3).

### **1.6.19 Quality assurance**

Quality assurance refers to the comparison of set service standards against actual work done through continuous monitoring to determine if the work is done in accordance with the expectations of the client (Boyd 1993:43).

### **1.6.20 Specification**

Specification is the process whereby the detail of the work to be done, is stipulated in a comprehensive document. Such a document then serves as communication to tenderers for pricing, an instruction manual for the delivery of the service, forms the basis of the contract agreement and minimises the need for post-contract alterations (Boyd & Cronin 1994:58).

### **1.6.21 Support function**

A support function is a function which provides support to the institution, is internally focused; and which, because of the variable nature of demand by the organisation, cannot distribute cost or in some cases equitably be distributed to programs (Mc Kinley 1995:102).

### **1.6.22 Unit cost**

A unit cost is the total cost involved in providing the service expressed as a single unit, for example, pound per mile of road reserve maintenance. It includes prime costs and all overheads that can be associated with service delivery. It is calculated by using 'net avoidable cost principles', which refers to the difference between actual cost and the potential cost of a service rendered per unit; and is endorsed by the local authority's internal auditors (Matthews 1994:16).

### **1.6.23 Value of competitive arrangements**

The total value of a competitive arrangement in a financial year is:

- in the case of a contract for the supply of goods or services to a local authority, or for the undertaking of works for a local authority, the amount which a local authority is liable to pay in that year;
- in the case of an in-house agreement, the amount specified in the agreement as the cost of supplying the goods or services, or of undertaking the works, in that year;
- in the case of a contract for the supply of goods or services, or for the undertaking of works, by a local authority, the amount which a local authority is entitled to receive in that year (Swan 1994:34).

### **1.7 GATHERING OF INFORMATION**

Information for this dissertation was obtained by two visits to Great Britain during 1995 and 1996 during which time interviews were arranged. Individuals thought to be knowledgeable in specific disciplines, for instance human resources and finances of local authorities, were interviewed. Specific questions were formulated before interviews were conducted, to obtain applicable information from the individuals within their fields of specialisation. Recent scholarly literature was also consulted on the topic of competitive tendering. Interviews were conducted with officials of the following institutions:

- Department of Environment (the Department responsible for the implementation of the Local Government Act of 1988 on Parks and Recreational Services)
- Audit Commission
- Various local authorities
- Institutions (i.e. Institute of Leisure and Amenity Management)
- University of Reading
- Her Majesty's Stationary Office
- Political party offices.

Information was also obtained from the following sources:

- Horticultural related magazines;
- Correspondence with officials on various governmental levels in Britain, relatives and friends;
- First National Bank officials responsible for contracting out in South Africa;
- Sandton Administration Town Treasurer and Secretary officials;
- Articles from various sources;
- Academic literature, such as the 'Horticultural Week';
- British Local Government Information units;
- Local government officials involved in legal, financial, horticultural and administrative sections;
- Local government councillors;
- Private entrepreneurs in the horticultural business; and
- The Internet.

## **1.8 METHOD OF REFERENCE**

Acknowledgement of the sources consulted is given by making use of the Harvard method of reference. This is done by making mention of the author's name, year in which the source was printed/published, and the page number quoted from.

Where interviews were conducted, the name of the individual is mentioned and the year in which the interview took place. The bibliography is listed alphabetically in accordance to the author's name in the list of references.

## **1.9 SEQUENCE OF STUDY**

The study is divided into six chapters. These chapters must be seen as a logical process to determine whether the process and implementation of compulsory competitive tendering had a detrimental effect on the quality of service rendering of parks and recreational services in Britain. The process of implementation is regarded as just as important as the actual taking of the decision of competitive tendering.

Chapter one introduces the reader to the contents, assumptions and method of the dissertation. In chapter two the historical events leading to the taking of the decision of compulsory competitive tendering of parks and recreational services is discussed. The reasons why the British Government decided to expose the services to compulsory competitive tendering will be explored. Chapter three is a discussion of the scope or extent of the Local Government Act of 1988, the general requirements and the regulations of the Act, as well as other legislation. Chapter four refers to a theoretical framework or model in order to explore the choices available for developing a compulsory competitive tendering approach. Chapter five refers to the influence that compulsory competitive tendering had on the perceived decline of the standards of maintenance of parks and recreational services in Britain. Chapter six contains concluding remarks and an evaluation of the study. Consequently, possible suggestions will be made towards the improvement of the maintenance of parks and recreational services in Britain.

## **1.10 CONCLUSION**

The contracting out of services was not a new idea in 1988. Many local authorities have for years contracted out street surfacing and other public work functions. What is new for local authorities, however, is the number and variety of service contracts which were employed since the late 1980's and early 1990's. Fire, recreational, health and many other diverse services were contracted out.

The following are among the many reasons for the accelerated shift to exposing more functions to competitive tendering:

- to reduce and control local authority expenditure; and
- the distribution of resources for the maintenance of parks and recreational services.

The underlying objective for contracting out as seen from the British point of view, was to increase economic efficiency. According to the British Government, resources are theoretically more likely to be allocated efficiently with decentralised competition than by the bureaucratic processes of centralised planning. The tender is likely to be more market orientated and management will therefore be more motivated.

The question of whether the British Government under leadership of the Conservative Party of Prime Minister Margaret Thatcher, had in practice taken the right decision to rather contract certain services out to achieve the above-mentioned objectives, has to be answered. The next question is whether the public and landscape professionals are correct in claiming that the implementation of compulsory competitive tendering indeed had and still has a negative effect on the maintenance of parks and recreational services. To find answers to the above mentioned questions an in depth study will be undertaken of the implementation process of compulsory competitive tendering to determine the effect it had on the standard of maintenance of parks and recreational services in Britain.

The following chapter will introduce the reader to the historical events leading to the development of the compulsory, competitive tendering process.

## **CHAPTER 2**

### **HISTORICAL EVENTS INFLUENCING THE DEVELOPMENT OF THE COMPULSORY COMPETITIVE TENDERING PROCESS OF PARKS AND RECREATIONAL SERVICES IN BRITISH LOCAL AUTHORITIES**

#### **2.1 INTRODUCTION**

The idea of compulsory competitive tendering of parks and recreational services began with the idea of privatisation which has been around in Britain for a long time, but only tried widely since the late-1970's. Privatisation first attracted world wide attention in the late 1970's when the Conservative Government began transforming the ailing British economy by selling public holdings in industry, communications, and other service sector areas. Since 1979, over hundred countries have initiated their own privatisation programs.

Most of the ideological justifications for privatisation reflected some variant of the belief that the British Government sector was too large; that the private sector could do many things more effectively and efficiently than the public sector, and that activities which were peripheral to the real business of running the country were diverting money and skilled personnel away from more important activities such as governing and representing tax payers. Perhaps the outstanding example of a government with an overriding ideological commitment to privatisation was the Conservative British Government under Prime Minister Margaret Thatcher who made a greater contribution to fostering the spread of compulsive competitive tendering than any other government. The pragmatic arguments for compulsory competitive tendering include both political and economic arguments, which of course are closely interrelated in a local government where the policy-maker has to act in the best interest of the community with available financial resources.

In this chapter the historical development towards the implementation of a compulsory competitive process for parks and recreational services will be discussed. Specific reference will be made to the historical development of parks and

recreational services in Britain, reasons for the British Government promulgating compulsory competitive legislation, resistance towards compulsory competitive tendering and the eventual implementation of a policy for the implementation of compulsory competitive tendering for local government parks and recreational services in Britain.

## **2.2 HISTORICAL EVENTS INFLUENCING THE DEVELOPMENT OF PARKS AND RECREATIONAL SERVICES IN BRITAIN**

Municipal urban parks of Britain were first developed in the industrial north-west of England, in the year 1849. Their creation in many respects was seen as a measure towards the recognition, both social and economic, of the benefits of providing a healthier environment for the dense urban populations living amongst the 'dark satanic mills' of those times (Swan 1994:8).

Parks provided areas of greenery, open space, an educational resource and a link with the natural world and landscape in an environment otherwise dominated by buildings, hard surfaces, pollution, noise and the stresses of the hustle and bustle of everyday working life. Parks and parks departments were then politically recognised as providing a beneficial and important service to society, as such they were both very well staffed (Nicholson 1994:4).

The creation of many parks was paid for by public subscription, meaning that the individuals took it upon themselves to make a contribution towards the development and or maintenance of a specific park. In 1846, Manchester became the first of the large industrial centres to develop open parks by such a route (Conway & Lambert 1993:103). Funding, land and even entire parks were also given to the public by industrialist and philanthropists. Such moves were driven in those Victorian times by a genuine concern for the wellbeing of the people and a sound entrepreneurial recognition of public relations. However, the local authorities built by far the greatest number of municipal urban parks. By the end of the 19th century parks had become an essential part of the urban fabric, as much a part of the effort to raise urban living standards as libraries, public baths and museums (Nicholson 1994:5).

In the post-war years the decline in Britain's urban parks noticeably set in. Increasing public wealth, mobility and changing fashions altered recreational pursuits. Furthermore, the road network and rising car ownership made the escape from the urban scene to surrounding countryside a short and easy one. Such increased personal mobility allowed people to move from the dense urban centres to live in expanding, green suburbs. A new concept in town planning, the so-called satellite towns where residential development took place in open landscaped surroundings won popularity. Such changes reduced the public's use of parks and recreational services and consequently the political importance of urban parks diminished (Nicholson 1994:4).

During the latter half of the twentieth century until the 1980's the emphasis was on maintenance and not on development or expansion. Development was seen to change slightly towards favouring the provision of sporting facilities. This trend continued, reinforced by legislation such as the 1987 Physical Training and Recreational Act, and the more recent lobbying power of such bodies as the Sports Council (Swan 1994:9).

The quality and development of parks and recreational services was heavily influenced by the way local authorities maintain parks and other green spaces. Local authorities in England and Wales have spend £ 800 million, (£16.00 per resident) during 1987/88 on providing parks and recreational services (Audit Commission 1988:3). British local authorities are divided in categories based on size of the authority namely County Councils, District Councils and Metro Counties. All these levels of local government are involved in the development and maintenance of parks and recreational services - from the smallest rural parishes to the largest metropolitan authorities.

Since the 1990's the development of parks and recreational services in Britain was influenced by various economic constraints. Britain for example experienced the longest recession in its history.

The consequences of such economic constraints were:

- there has been a steady slippage in Britain's share of world output and trade in manufactured goods, which resulted in a fall in the number of people employed in the British manufacturing sector;
- except for a brief period in the mid 1980's, rates of growth in gross domestic product have since the 1990's been consistently lower in Britain than those achieved in key competitor economies abroad;
- throughout the post-war period, levels of labour productivity have consistently fallen below those achieved in more successful economies;
- both inflation and unemployment rates in Britain have been higher than those found in the majority of advanced capitalist societies;
- and finally; wage levels in Britain have fallen to the second lowest in Western Europe, as the country's position in the league table of income per head has steadily slipped (Coates 1994:5,6).

The consequences of economic constraints, as mentioned above, invariably manifested in a fall in investment of public services, such as parks and recreational services. Like in most European countries Britain's parks and recreational services had to compete for scarce funds with those services that were a statutory obligation of local authorities. There has never been, and there exists no law requiring the provision of parks by any level of authority in Britain. Many of the statutory functions of local authorities such as education, highways and housing are extensions of Central Government policies, whereas parks have remained a discretionary function. If a local authority in Britain therefore chooses not to provide any parks or recreational services, it is not failing in its statutory responsibility or breaking the law (Swan 1994:9).

The development of parks and recreational services is also influenced by various other aspects; for example, parks and recreational services are in an acute disadvantage in that it is impossible to measure the pay back from the investment in this service. The housing manager will be able to quote how many people are homeless, the engineer will be able to quote how many vehicles are using the roads

and the health manager will have statistics available concerning diseases. What can the parks and recreational manager quote?

It is also doubtful if parks and recreational managers can quote meaningful statistics particularly regarding the use of public open spaces. The bulk of users of open spaces do not always pay an entrance fee and many parks have no fences or gates and therefore ongoing meaningful statistics are not easily obtainable. At best, it could be determined how many people have played tennis, been for a swim or played badminton and these statistics may be useful but are far from convincing in a contest for resources. Whereas the other services managers are able, through their data, to demonstrate the beneficial results of an investment in their service, how can the parks and recreational manager measure an improvement in the quality of life, an improvement in the health of the community and of a reduction in crime, resulting from the provision of parks and recreational services? (Walker 1994:6).

Parks and recreational managers have long been aware of the contribution that parks and recreational services make to society and its culture. Given the lack of statistical data, parks and recreational managers could be criticised for not proclaiming the macro-benefits of recreation as provided by local authorities longer and louder. The importance of parks and recreational services, coupled with the perception of a perceived decline in the standard of maintenance of parks and recreational services, will hopefully in time result in their future enhancement and maintenance (Swan 1994:6-9).

The aforementioned historical events, influencing the development of parks and recreational services, would eventually lead to the inclusion thereof in the national competitive tendering process of Britain. The high cost involved in maintaining parks and recreational services and existing competition in this regard made this service an obvious candidate for inclusion in the national compulsory competitive tendering process as reflected in the Local Government Act of 1988. The reasons for this process will be discussed here under.

## **2.3 PRIMARY REASONS LEADING UP TO THE COMPULSORY COMPETITIVE TENDERING PROCESS OF BRITISH PARKS AND RECREATIONAL SERVICES**

According to Swan (1994:201) there has long been statistical evidence to document the comparatively poor performance of public sector production, such as the maintenance of parks and recreational services. The development of a theoretical framework to logically set out the reasons for this belief has emerged only recently. The inefficiency and low output of the nationalised industries in post-war Britain, has been widely acknowledged, first in popular anecdote, and later in scholarly reports which compared British public sector performances to private sector counterparts both in Britain and abroad (Smith 1986:1).

Many explanations were offered to account for the low productivity in the public sector compared to that of the private sector. It was first suggested that the Second World War destroyed the British capital, plant and equipment, making the British people labour under insuperable burdens of replacement. This provided a convenient explanation for the poor performance of British Governmental institutions. A further explanation suggested that it was only the failing industries, which had been nationalised in the first place which contributed to the low productivity level, and a poor performance. It was against this background of low productivity that the idea of exposing the maintenance of parks and recreational services to compulsory competitive tendering developed (Swan1994:201-202).

### **2.3.1 REASONS FOR EXPOSING PARKS AND RECREATIONAL SERVICES TO COMPETITIVE TENDERING**

The public sector admitted poor performance and that they were inherently inferior to the private sector in its ability to deliver goods and services productively only years after the comparatively poor performance had been documented (Smith 1986: 1). Prior to the implementation of a compulsory competitive tendering process, the following were seen as reasons why the public sector could not compete with the private sector:

- The public sector was not exposed to the commercial pressures of the private sector; such as comparing cost efficiency, for example and cutting grass per square feet. A public operation, which failed to satisfy its market, also did not risk bankruptcy in the same way that a private firm did, due to the statutory protection that local authorities enjoyed. The tendency in local government was to increase rates, for instance, for water and electricity per unit to compensate for inefficiency. More people could also for example be appointed to maintain park and recreational services if the local authority had more money available.
- A public sector operation was usually protected by a complete or partial monopoly, and thus missed the impetus, which the presence of competition provided. A private firm had to constantly watch to keep its costs down and keep its output attractive, to prevent a competitor taking its market over. A public monopoly such as a local authority experienced few such pressures (Smith 1986:2).
- Absent, too, in the public sector was the compulsion to innovate, to keep abreast of new technology, and to keep a watching eye on the newest cost saving developments. Without rivals to take away its business, the public sector was insulated from these important pressures (Smith 1986:2).

Local government's protected position enabled parks and recreational employees engaged in the development and maintenance of parks and recreational services, to give preference to satisfying the needs of, for instance, nurseries propagating plants, ahead of those of the general public who were using parks and recreational services. Since taxpayers had nowhere else to go, they were, in a sense, captives, and were denied the opportunity to make use of other service providers. Ultimately, in the absence of effective user pressure (the park and recreational services user in this case), it was easier for the local government administrators to meet the needs of the workforce, namely the employee, rather than that of the taxpayer.

A more subtle reason for exposing parks and recreational services to compulsory competitive tendering was that the under-capitalisation of the rendering of parks and recreational services took place. This occurred because the finance was dependent

upon what legislators thought taxpayers would bear, given all of the competing demands on public money. The funds allocated to each operation did not depend upon commercial viability, given public demand, but on the comparative skill of the administrators in fighting for greater allocation to be made in their direction. Individual political preferences commanded more success than financial judgement, and the provision of the level of supply was determined by political decisions. Given the pull which the workforce was able to exert in the public sector, there was a constant tendency for funds to be over-directed toward the maintenance of the operational side of the budget; for example, employees salaries at the expense of the capital side, for example developing new parks; resulting in the depletion of capital to maintain parks and recreational services (Smith 1986:6).

Perhaps the most important problem associated with public sector supply, were the status of the service as a political entity rather than a commercial one. The public sector's services were directed by an administration ultimately responsible to the legislators. The decisions made could not be commercial ones, but had to respond to political pressures (Smith 1986:7). An example in this regard was the provision and maintenance of parks and recreational services.

The status of public sector services had effects right through the range of decisions and activities about the introduction of compulsory competitive tendering. Because legislators were answerable to the public, they stood to incur public hostility or gratitude, according to their actions. The decision whether to keep a particular service open, or whether to extend it, would often be made on the basis of political pressures felt by legislators, rather than on economic viability (Smith 1986:8).

With the above reasons, for exposing parks and recreational services to compulsory competitive tendering in mind, the British Government set specific objectives to overcome the problems they were experiencing with reducing the size and improving the responsiveness of the public sector. These objectives which had an influence on the maintenance of parks and recreational services resulting in the depletion of capital, will be discussed under the next subheading.

### **2.3.2 COMPULSORY COMPETITIVE TENDERING OBJECTIVES OF THE BRITISH GOVERNMENT INFLUENCING THE MAINTENANCE OF PARKS AND RECREATIONAL SERVICES**

The realisation that government employee remuneration often exceeded market rates resulting in the depletion of capital (see par. 2.3.1) lead the British Government to focus on a compulsory competitive tendering process. Compulsory competitive tendering (see par. 1.6.6) is the provision of a public service through a competitively awarded contract. It has been used by private and public organisations to ensure that goods and services of a defined quantity and quality are produced at the lowest possible cost with due regard to quality, risk and timeliness (Browning, Duncan & Ottaway 1994:6). A local authority can, for example, seek competitive bids to provide a particular public service such as the maintenance of neighbourhood parks. To achieve that, they have to establish quality and quantity specifications for example, to what standard and what frequency grass should be wet. The competitive market responds to the invitation of a local authority, and one or more contractors are then selected to provide that specific service for a period of time. The local authority retains policy control over the service, while the competitive market produces the service (Clancy 1992:13).

Since 1979, compulsory competitive tendering has been at the forefront of Britain's economic strategy - being one of several policy options to reduce the size and improve the responsiveness and productivity of the public sector. According to Browning *et al* (1994:5), the British Conservative Government's compulsory competitive tendering process had several objectives:

- to promote excellence, principally through competition and especially among those who work for public sector labour intensive departments or divisions like parks and recreational services traditionally rendered by local government;
- to separate the state's role as regulator from the conflicting role of owner; and
- to liberate the taxpayer from providing permanent and rising subsidy to state-owned and managed activities.

The main objectives (apart from the aforementioned), for exposing functions like the maintenance of parks and recreational services to compulsory competitive tendering, could according to Browning, Duncan & Ottaway *et al* (1994:5-16) be listed as follows:

– **Self determination and competitiveness**

The objective to be competitive and self determined is one of the most encouraging features of compulsory competitive tendering. In the case of parks and recreational services, statistics indicated that anti-competitive behaviour only occurred in exceptional cases after the process of compulsory competitive tendering was introduced.

Privatised firms were now floated into progressively less regulated and more open markets in which their futures were shaped by their efforts - as they should be. Input therefore determined output directly, and in the case of private sector the objective was profit for shareholders.

– **Consumer choice and value**

Competition and deregulation were the principal policy instruments necessary to ensure that the benefits that would flow from compulsory competitive tendering actually did so. For competition and deregulation, competitive tendering was the best way to ensure that the goods and services that consumers wanted were produced at prices the taxpayer can afford. The objective was therefore to create and maintain parks and recreational services for the inhabitants of a local authority in a cost-effective manner by giving them value for their tax contributions towards the rendering of these services. Most private companies operated in commercial sectors, subject to normal market forces. Market forces refer to supply and demand. If there was a demand for parks and recreational facilities, funds had to be made available through the policy makers. If the demand were low, funds allocated to this function would be restricted to the minimum.

– **Wider share ownership**

The objective to promote wider shared ownership, both among employees and the general public, was part of the British Government's policy of extending the

ownership of wealth more widely in the economy, giving ordinary people a direct stake in the success of British industry, and removing destructive distinctions between 'owners' and 'workers'. Privatisation initiatives of the Conservative British Government who ruled between 1979 and 1996 contributed greatly to an increase in the number of private investors in Britain from £3 million in 1979 to £10 million in 1994. In other words, whereas barely one in fourteen of the population owned shares in 1979, more than one in four does so in the latter half of the 1990's. Equally importantly, on average, ninety percent of eligible employees became shareholders in their companies.

– **Separation of interest**

The final objective with the compulsory competitive tendering process was one of the most important - the separation of conflicting interests. It was vital to separate the role of owner, concerned for the cost of providing a service and for containing its investment requirements, from that of watchdog, concerned with standards and with the protection of consumers. Where government played both these roles, it had a conflict of interest. British Government became slave to the owner 'provider role' neglecting the customer 'watchdog role'.

To accommodate the above-mentioned objectives, a commercial culture had to be adopted. A move from a traditional service approach common to local authorities to a business-orientated approach where emphasis is placed on the cost of rendering services, therefore had to be adopted. The role players and those who were affected by the implementation of competitive tendering spoke of a shift in values, or of a change in culture. The most common articulation of this was to argue that a 'commercial ethos' or 'business awareness' was replacing a 'service' or 'social welfare focus' (Swan 1994:96). The shift from a socialistic to a capitalistic approach was however, met with resistance and this aspect will be discussed in par. 2.5.

The first step towards a capitalistic approach is the development of compulsory competitive tendering related legislation. The historical development of such legislation is the focus of the next section.

## 2.4 HISTORICAL DEVELOPMENT OF BRITISH COMPULSORY COMPETITIVE TENDERING RELATED LEGISLATION

It is important to place the current legislation (see Chapter 3) for compulsory competitive tendering for the maintenance of parks and recreational services, within the context of the British Government's historical approach towards compulsory competitive tendering. In 1980 the British Government; for example, introduced the British Local Government Planning and Land Act of 1980. Part III of the aforementioned Act introduced changes in the way which some services, provided by local government was to be organised (British Local Government and Land Act of 1980: Part III).

In February 1985 the Government introduced a consultation paper which proposed further legislation to apply to other areas of local authority work. Refuse collection, cleaning of buildings, vehicle maintenance, grounds maintenance and catering services were specifically mentioned, but other areas such as the maintenance of parks and recreational services were also considered later (British Department of Environment 1994:6).

In the Queen's speech for the 1983-1984 session of the British Parliament, the Government announced its intention to introduce a Bill to extend the provisions of the existing Local Government Planning and Land Act of 1980 (Conway *et al* 1993:8). At that time the list of local government activities subjected to the above-mentioned Act was extended by the addition of computing, waste disposal, transport, printing, architectural services and the maintenance of parks and recreational facilities.

In February 1984 the Government announced that its proposals for compulsory competitive tendering for refuse collection cleaning of buildings, vehicle maintenance, grounds maintenance and catering services would **not** be introduced in the Local Government Bill in the current session of Parliament. The decision was attributed to the fact that other legislation with a higher priority had to receive immediate attention. Difficulties in drafting the relevant clauses of the Bill were also experienced which delayed its introduction to Parliament (Conway *et al* 1993:9).

Following the general election of May 1984, the British Government announced its intention to introduce compulsory competitive tendering at the earliest opportunity. In the meanwhile a consultation document 'Competition in the Management of Local Authority Sport and Leisure Facilities' that also had an influence on the maintenance of parks and recreational services was introduced to local authorities and all concerned parties for response by December 1987. Proposals related to competitive tendering of recreational services on the local government level were made. The most important was that the maintenance of recreational services had to be exposed to competitive tendering and that competitive tendering should be phased in over a five year period (British Department of Environment 1994:38). Their proposals which included, among other things, exposing the maintenance of parks and recreational services to compulsory competitive tendering, were published in the Local Government Bill (No. 2) (Competition and Service 1986:16).

In July 1988 the British Government announced its intention to proceed with the implementation of competitive tendering for the maintenance of parks and recreational services as stated in the above-mentioned consultation document, subject to certain amendments as a result of the consultation exercise. Following the promulgation of the Local Government Act of 1988, a draft Parliamentary addendum enforcing compulsory competitive tendering was published and was expected to be laid before Parliament (British Department of Environment 1994:19).

The requirements for competitive tendering are largely contained in Part 1 of the Local Government Act of 1988. These entail, among other things, a timetable for implementation of compulsory competitive tendering and general guidelines, for instance, tender advertisements. The work subjected to competition was specified as refuse collection, cleaning, catering, building cleaning, ground maintenance and repair and maintenance of vehicles, with powers for the Secretary of State to extend the list by Parliamentary Order. The implementation of the legislation had to be phased in within a five-year period, beginning on 1 August 1989 (British Local Government Act 1988).

On 25 October 1989 the addendum was laid before Parliament. The addendum required the approval of both Houses of Parliament and was due to come into force 7

days after it had been debated. Both houses approved this addendum and local authorities had to implement compulsive competitive tendering. The British Central Government Department of Environment was delegated the responsibility to coordinate the implementation of compulsory competitive tendering for the maintenance of parks and recreational services. The Department of Environment stated that an explanatory circular, which included an interpretation of the Local Government Act of 1988, would be issued in 1990.

On 24 July 1990 the British Government published the five year implementation timetable for Britain in terms of the Local Government Act of 1988 and the British Government Statutory Instrument No. 1564 of 1990. As stated in Chapter 1 of this dissertation; the Local Government Act of 1988 stipulated that local authorities whose expenditure exceeded £100.000 per annum had to put twenty percent of their work out to tender by 1 January 1990, forty percent by the year after, up to 1 January 1994, when all maintenance of parks and recreational services had to be subject to competition. Statutory Instrument No. 1564 assisted local authorities with the implementation process. Suggested timetables for each phase also formed part and parcel of statutory Instrument No. 1564 (British Audit Commission 1990:1).

During March 1991 the Department of the Environment issued Circular 1/91 giving guidance on some of the aspects relating to the implementation of the compulsory competitive tendering process. These aspects referred for instance to the compilation of the invitation to tender, specification documentation, and requirements set for proposed tenderers that should be taken into account by the Secretary of State when judging whether a local authority was acting anti-competitively or not (British Department of Environment Circular 1/91).

During May 1991 the Department of the Environment issued Circular 9/91, explaining competition in parks and recreational services in terms of the Local Government Act of 1988. The circular stipulated how and when services should be put on tender. Circular 9/91 stipulated for example the timetable for exposing maintenance of parks and recreational services to competition, what services were exempted from the Act, and it also gave local authorities guidance on the process of compulsory competitive tendering, for example, the procedure for tendering.

In November 1991 the Department of Environment published a consultation paper entitled 'Competing for Quality'. This paper set out proposals on, for example, the format of tendering documentation to clarify the compulsory competitive tendering process, allowing for quicker and more effective action by the Secretary of State (British Department of Environment 1991b:18).

During July 1992 the Department of Environment issued proposed regulations on avoiding anti-competitive behaviour. These regulations were intended to replace virtually all of Circular 1/91, which was originally meant to give guidance on factors that should be taken into account by the Secretary of State when judging the competitive action of a local authority. The regulations changed some of the advice given in the consultation paper 'Competing for Quality', for example, the criteria to be taken into account in evaluating tender (Conway *et al* 1993:14).

It is evident from the above that the Department of Environment, which dealt with local government affairs regarding parks and recreational services at the British Central Government level, played a major role in the compilation and promulgation of legislation (Acts, regulations and circulars) to implement a compulsory competitive tendering process for the maintenance of parks and recreational services on the local government level. Prior to the implementation of the Local Government Act of 1988, approximately eighty five percent of the parks and recreational services in Great Britain were undertaken by traditional local authority park departments (Swan 1994:19).

The Local Government Act of 1988 required from some authorities the initial setting up of contracting arrangements. The majority of local authorities did not have experience to contract work out and relied heavily on the little expertise available when it came to writing specifications and compiling an inventory of work. One of the major benefits however, emanating from the implementation of compulsory competitive tendering, was the fact that most local authorities for the first time had to determine exactly what the quality of work was that they had to deal with. It was therefore necessary to do an inventory of work to determine what and how much were to be maintained, for example, whether 10 000 street trees should be pruned or not. Assessing the suitability of interested contractors, and monitoring and ensuring

that the completed work dealt with was up to standard, were also aspects that the local authorities had very little or no experience of (Swan 1994:22).

As was mentioned previously, competition for local authority services under the Local Government Act of 1988 came into effect on 1 August 1989. The first round of competitive tendering had to be completed by 1 January 1994 when all the work had to be subjected to competition. Authorities have since 1995 been preparing for the second round of competition under the Local Government Act of 1988. Most authorities expected that the level of competition for local authority services such as the maintenance of parks and recreational services would increase over time. The number of contracts that have been let is very large, and the value runs into billions of pounds. This implies that over a five year period ground maintenance work for local authorities who were spending more than £100,000 per annum was to be put out to tender in prescribed phases; which meant that work to the value of at least twenty percent of annual programmed expenditure, had to be subjected to competition, over a five year period beginning not later than 1 January 1990.

In terms of the Local Government Act of 1988 local authorities provide, manage and maintain recreational services such as swimming pools, golf courses and squash courts. Throughout the 1980's capital investment and revenue expenditure on indoor provision increased and the number of sports centres of local authorities grew to 1 700 by 1989 (British Audit Commission 1990:1).

Local authorities would, in terms of the Local Government Act of 1988, still be able to control policy, programming and prices of maintenance work subjected to tender. Responsibility for maintaining a quality service, which would give both users and the local community value for money, is still the responsibility of the authorities.

The development of compulsory competitive tendering related legislation was met with resistance and this aspect will be discussed in the following section.

## **2.5 RESISTANCE CAUSING DELAYS IN THE BRITISH COMPULSORY COMPETITIVE TENDERING PROCESS FOR THE MAINTENANCE OF PARKS AND RECREATIONAL SERVICES**

Responses to the introduction of competitive compulsory tendering (as a result of the implementation of compulsory competitive tendering process) ranged from hostility through fear to pragmatism (Rhodes 1994:10). The political opposition at the time of introduction mainly exposed open hostility to the introduction of compulsory competitive tendering. The Local Government Act of 1988, was seen by many members of the opposition as a very clear political attack on the role of local government. Some of the parks and recreational services users were critical of compulsory competitive tendering because it challenged their belief in the local public and democratic provision of services. Most local government parks and recreational employees, especially senior officers particularly in small rural authorities, were fearful of the consequences of implementation of compulsory competitive tendering. The reason being the threat to their job security. Other aspects that also caused fear were the potential burden on the local authority of having to comply with the associated specification requirements of maintenance and financial responsibilities that competitive tendering would place on them. The uncertainty whether local authorities would be able to cope with the challenges that are part and parcel of a new commercial culture also caused fear and resistance (Rhodes 1994:12).

The reaction of the minority of British local authority employees, was that of pragmatic or realistic acceptance of compulsory competitive tendering. Some employees and elected members, especially in Conservative-controlled and more traditional local authorities, felt that it was important to accept the legislation (Local Government Act of 1988) and work within the rules. They felt their local authority had to make a quick and effective response to the legislation. It must be stressed, however, that the latter response was that of a minority and that the majority resisted the change that caused delays in the competitive tendering process (Rhodes 1994:12).

A major problem encountered in the attempt to deal with the problems posed by public sector services was that the political status of local authorities to a large extent sheltered them from public resistance to the implementation of compulsory competitive tendering. The public sector had a monopoly on rendering certain services, for example the maintenance of local authority parks and recreational services (Rhodes 1994:13). Attempts to curb local authorities spending on parks and recreational services, was met with resistance from the administrative staff who ran them, the workforce who manned them, and that part of the general public who benefited from the parks and recreational services. In view of this, the fourth group involved in the compulsory competitive tendering process, namely the legislators, was not able to pursue and sustain attempts to save money. Similarly, the attempts to eliminate unnecessary public sector activities, such as tennis coaching and swimming lessons, have also seen little success. They are not perceived as unnecessary by their own staff (Smith 1986:11).

The determination to cut out the wastage, at least from public sector programmes, also delivered very little result. Although the intention was to cut down on overheads and administrative duplication, in practice it was easier for the administration to cut into the service itself, for example, cut grass once a week where it used to be cut twice. Even the modest attempt to bring in efficiency methods such as piecework (which means that a specific task must be dealt with in a specific predetermined time) from the private sector failed to achieve results of any significance. The efficiency experts such as cost and accountancy personnel of private companies, studied new recommendations, for instance of how to use mowing equipment cost efficiently, but the changes which they proposed did not last, mainly due to no incentive for personnel involved (Swan 1994:109).

Although a lot of resistance to the implementation of compulsory competitive tendering was experienced, the Conservative Government that came into power in 1979, made various efforts to encourage and cajole local authorities in Britain to increase the extent of the private provision of local services, such as the maintenance of park and recreational services.

## 2.6 CONCLUSION

The British Conservative Party was responsible for implementing the compulsory competitive process and was historically in favour of a capitalistic approach regarding the rendering of services, which were traditionally rendered by governmental institutions. Britain was, for example, since the adoption of a competitive tendering policy in 1980, moving away from a socialistic approach towards a capitalistic approach in terms of their privatisation policy, which was adopted in the late 1970's.

Local authorities' status as political entities help to explain why they were chronically under-capitalised, and why they were prone to making decisions in response to the political needs of legislators, rather than economically driven decisions. The implementation of the Local Government Act of 1988 (See Chapter 3), was an effort of the Government to change the aforementioned situation and to assist local authorities to adapt more economically related principals where the maintenance of park and recreational services were concerned.

By turning to the public sector for the supply of goods and services it was felt that Britain handicapped its economic performance. It has contrived a position in which local authorities have been paying more than necessary for services, such as the maintenance of parks and recreational services, and yet failed to gain services, which responded to needs and moved with the times.

Compulsory competitive tendering exemplified the determination of the former British Government to allocate part of the maintenance of park and recreational services to the private sector. The determination of the former British Government was also reflected in the objectives set by them to promote a competitive tendering strategy. All efforts were, however, not so successful and resistance to the whole competitive tendering process and its objectives was also experienced. An example is hostility from opposition political parties and resistance from local government officials who had concerns regarding security of employment.

Public sector services were once perceived as better services that could be offered at a lower cost, without the costs of advertising or competition and which could outperform the private sector. In reality the British Government realised that the outcome of this perception was low productivity which resulted in high cost and low output. Without commercial pressures or the competitive stimulus, local authorities have been less responsive and more expensive in terms of rendering recreational related services to the community.

The following chapter deals with the implementation of the compulsory competitive tendering process in terms of the Local Government Act of 1988. The general requirements and other legislation relating to the maintenance of parks and recreational services will also be discussed. In this way the impact of legislation on the quality of the maintenance of parks and recreational services will be established.

## **CHAPTER 3**

### **SCOPE OF LEGISLATION AND THE PROCESS OF COMPULSORY COMPETITIVE TENDERING**

#### **3.1 INTRODUCTION**

The aim of this chapter is firstly to give a legislative framework in terms of the Local Government Act of 1988 as it relates to competitive tendering and contract conditions in British local authorities. The content is an interpretation and should not be taken as an absolute statement of the meaning of the Act. The impact of the Local Government Act of 1988 on the quality of maintenance of parks and recreational services will also be discussed. The second aspect discussed, is the selection and appraisal of tenders in terms of the Local Government Act of 1988 whereafter the enforcement of the Act will thirdly be discussed. Related legislation impacting on the maintenance of parks and recreational services will fourthly be discussed. Examples in this regard are European Community Legislation and British ministerial regulations because these fulfil a supporting role to the Local Government Act of 1988, and indirectly also have an influence on the maintenance of parks and recreational services.

#### **3.2 GENERAL INFLUENCE AND IMPACT OF THE LOCAL GOVERNMENT ACT OF 1988 ON THE QUALITY OF MAINTENANCE OF PARKS AND RECREATIONAL SERVICES IN BRITAIN**

The Local Government Act of 1988 was published on 24 March 1988. The influence of the Act will be highlighted to indicate what the impact of the Act was on the maintenance of parks and recreational services. To achieve the aforementioned, the focus will be placed on aspects such as the scope of legislation, defined activities, the process of compulsory competitive tendering, exemptions from compulsory

competitive tendering, financial rate of return to local authority on pre-competitive tendering expenditure, contract duration and financial requirements.

### **3.2.1 SCOPE OF THE LEGISLATION**

The Act lists the bodies to whom the legislation applies. The categories of local authorities affected are counties, districts, London boroughs, parishes and community councils in Britain. These categories of local authorities are all involved with the maintenance of parks and recreational services on the basis of revenue received through taxes from inhabitants of a specific geographical area. The above-mentioned local authorities are categorised by means of the number of inhabitants and size of geographical area and are all different kinds of local authorities established in Britain (Competition and Service 1988:12).

### **3.2.2 DEFINED ACTIVITIES**

The actual work that is subject to compulsory competitive tendering is referred to in the legislation as a *defined activity*. Defined activities are for example the collection of refuse, cleaning of buildings, catering, schools and welfare, maintenance of grounds, and the repair and maintenance of vehicles. The Secretary of State has the power to bring forward additional defined activities through the presentation of a parliamentary addendum. The management of the maintenance of park and recreational services, was the first additional defined activity that was forwarded through the presentation of a parliamentary addendum (Competition and Service 1988:12).

### **3.2.3 THE PROCESS OF COMPULSORY COMPETITIVE TENDERING**

Local authorities were allowed to enter into contracts after 1 April 1989 provided that the local authority, letting the contract, invited tenders from at least three private contractors, or used an open invitation to tender in at least one newspaper and in

one trade journal, for example the Horticultural Week. The Act effectively terminates any work contracts entered into before 1 April 1989 if the work was not exposed to competition (Competition and Service 1988:12).

Local authorities may, according to the British Department of Environment (1994:19) undertake the maintenance of parks and recreational services in-house (which means staff of the local authority who formed a legal entity, for instance: a business or services unit or corporation or trading enterprise, (also see par. 1.6.13 relating to Information Education) if the following six conditions under the Act have been met:

### **3.2.3.1 PUBLISHING OF NOTICE**

The local authority should publish a notice before commencing with maintenance activities, in at least one local newspaper and one trade journal, addressing the following matters:

- a brief description of the work;
- a statement that any person may inspect a detailed specification of the work free of charge during the period specified in the notice at a specified place and time;
- a statement that during that period any person will be supplied with a copy of the detailed specification on request and on payment of such charge as is specified in the notice;
- a statement that any person who may wish to carry out the work should notify the authority of that fact within a period specified in the notice;
- a statement that the local authority intends to extend an invitation to interested parties to perform the work (Local Government Act of 1988).

According to Boyd & Cronin (1994:58) one of the most significant advantages resulting from the above condition of the implementation of compulsory competitive tendering was the fact that specifications had to be drawn up and that standards had to be set. The aim of specifications, are to detail the user requirements in a comprehensive manner for communication to tenderers for pricing; to serve as an instruction manual for the delivery of the service; to form the basis of the contract agreement; and to produce it in such a way, as to minimise the need for post-

contract alteration. Very few local authorities had an idea of the exact extent of work they had to deal with. To draw up the specifications and tender documentation, an inventory of work (bill of quantity) also had to be undertaken which for example included square feet of grass to be cut, quantity of trees, square feet of annual beds and the frequency of replacement of plant material.

### **3.2.3.2 DURATION OF CONTRACT**

The duration of contract specified in the notice had to be reasonable, and:

- the authority should make a detailed specification of work available before performing work; and
- the specification should include a statement of the contract period.

A significant effect of competitive tendering on the quality of maintenance of parks and recreational services during implementation of the 1988 Act was the limited contract period for which work was put out on tender. The advantage for the local authority relating to work assigned to a contractor (see terminology: 1.6.7) for a limited period of time, was that the contractor knew that they would not be appointed for a further contract period should they fail to comply with the set standards. This includes, for example, if the contractor failed to comply with the frequency as stipulated in the specification of weeding, cutting grass or replacing annuals (Izat 1994:22-25).

### **3.2.3.3 PROMOTION OF A COMPETITIVE ENVIRONMENT**

A competitive environment should be promoted, and to achieve competitiveness, the following was included in the Local Government Act of 1988:

- If more than three persons notify the authority that they wish to carry out the maintenance of parks and recreational services, at least three are invited to tender.
- If less than four persons respond, each of them is invited. The invitation to tender should be made not less than three months and not more than six months after publication of the notice (Competition and Service 1988:23).

The aim of compulsory competitive tendering is to promote competitive incentives and at the same time reduce the cost maintenance of parks and recreational services (British Department of Environment 1991:111). To achieve the aforementioned, the following was included in the Local Government Act of 1988:

#### **3.2.3.4 WRITTEN BID**

A local authority, through its in-house organisation, had to prepare a written bid indicating how specifications would be met and at what cost. This had to be done to compare in-house organisation's costs with external or private contractor costs, for example, the annual cost maintaining a bowling green under private sector maintenance and the annual costs for maintaining a bowling green under public sector maintenance.

#### **3.2.3.5 ACTIONS OF LOCAL AUTHORITIES**

The local authority should, not act in a manner having the effect or even creating the impression of restricting, distorting or preventing competition. The British Government indicated that the kinds of behaviour likely to be regarded as anti-competitive included:

- giving contractors too little time to respond to tender invitations;
- seeking detailed and sensitive information about companies which go beyond that need to assess their ability to carry out the work properly;
- requiring contractors to provide excessive performance bonds;
- rejecting tenders from private (external) contractors in favour of the in-house contractors bid without good reason (Competition and Service 1988:24).

It has been said in the problem statement that compulsory competitive tendering was imposed at a time when the British Government intended reducing local authority expenditure and increasing its control over the way in which local authorities spend their resources. If local authorities for example, favoured their in-house staff during the tendering process, such anti-competitive behaviour would defeat the purpose of

competitive tendering. The responsibility to prevent anti-competitive behaviour in the maintenance of parks and recreational services was that of the Department of Environment, because of the relevance of the Department's functions to that of local authorities' park and recreational functions (British Department of Environment 1991:101).

### **3.2.3.6 COMPLIANCE WITH SPECIFICATIONS**

In performing the work, the commercial entity (see par. 1.6.8) should comply with the specifications as set. This was included in the Act to prevent double standards among the in-house contractor and the private sector contractor; for example: it cannot be expected of the private sector contractor to cut grass at frequency of twice a week and it is only expected of an in-house contractor to cut it once a week.

### **3.2.4 EXEMPTIONS FROM COMPULSORY COMPETITIVE TENDERING**

The Department of Environment can exempt certain areas of work done in local authorities from compulsory competitive tendering. Such exemptions are only given in exceptional circumstances, for example, if the activity is carried out under certain types of training agency schemes. In 1993 a total of six from thirty-four such requests were granted (British Department of Environment 1994:2).

As was explained before, exemptions that allow local authorities not to expose maintenance of parks and recreational services to compulsory competitive tendering, are limited. Emergency work is excluded under the Local Government Act of 1988 from compulsive competitive tendering. Emergency work is defined as work which is calculated to avert, alleviate or eradicate the effects or potential effects of an emergency or disaster (actual or potential) involving or likely to involve danger to life or health or serious damage to or destruction of property (British Department of Environment 1994:6).

The Local Government Act of 1988, also excludes maintenance of parks and recreational services from the Act under the following conditions:

- i. When the gross cost of the activity does not exceed £100 000 during the immediately preceding financial year. This is referred to as the 'de minimis' rule of the Act;
- ii. When the work is carried out by an employee, or employees, of the authority who are required on the premises where work is to be done for whatever reason. This seems likely to apply mainly to residential caretakers in schools;
- iii. When the activity is carried out under certain types of training agency schemes. This, for example, excludes community programme schemes specified in agreements between local authorities and the Secretary of State for Employment or the training agency.

### **3.2.5 FINANCIAL RATE OF RETURN TO LOCAL AUTHORITIES ON PRE-COMPETITIVE TENDERING EXPENDITURE**

It must be kept in mind that the objective of the British Government with the introduction of compulsory competitive tendering in terms of the Local Government Act of 1988 was to reduce public expenditure on the rendering of, for example, the maintenance of parks and recreational services.

To achieve an immediate reduction of cost on the maintenance of parks and recreational services, the Local Government Act of 1988 stipulates that all in-house tenders should at least offer a six percent saving on the previous year's budget for maintenance of parks and recreational services; prior to implementation of compulsory competitive tendering. These 'savings' are referred to as 'rate of return' in the Local Government Act of 1988. The implementation of the rate of return by in-house contractors was introduced by the British Government to level the balance between in-house contracts and the private (external) contractors. No official statement has ever clearly explained why in-house contractors should be required to achieve a minimum rate of return or face to be disbanded, whilst it is not expected of the private contractors to produce these savings (Izat 1994:22).

### 3.2.6 CONTRACT DURATION

The Act allows for the Secretary of State to issue regulations in respect of contract duration for functions such as catering and the maintenance of parks and recreational services, exposed to compulsory competitive tendering (Competition and Service 1988:26). The amount of money spent by the contractor on infrastructure is for example influenced by the duration of the contract. The longer the duration of a contract, the more attractive a contract would seem from a contractor's point of view, the reason being capital investment required to perform the work. A longer redemption period due to a longer contract will justify capital expenditure in for example purchasing mowing equipment. Contract duration is however seen as a control mechanism from a local authority's point of view. If a contractor does not perform well the contract will not be renewed. Local authorities, therefore, are not in favour of lengthy contracts.

By way of a circular letter issued on 20 April 1988, the British Department of the Environment set out proposals on the minimum and maximum lengths of contracts and the financial objectives to be met, if the maintenance of park and recreational services was awarded to an in-house contractor (Conway *et al* 1993:14). The following is an example of a proposed contract duration period concerning typical local authority services:

Activity or Service	Proposed Contract Periods (years)	
	Minimum	Maximum
Refuse collection	4	5
Building cleaning	3	4
Other cleaning	4	5
Catering	4	5
Park maintenance	3	4

(British Department of Environment 1994:16)

The primary objective to implement compulsory competitive tendering is to create savings. To achieve those financial objectives certain requirements have been

stipulated in the Local Government Act of 1988. These requirements are discussed under the next heading.

### **3.2.7 FINANCIAL REQUIREMENTS**

The Local Government Act of 1988, sets out three main financial requirements for in-house contractors. In the case of the financial rate of return to local authorities (see par. 3.2.5) no official statement has ever been made on why in-house contractors are treated differently to external or private contractors. It may be that it was felt that in-house contractors should know where immediate cuts could be made due to their intimate knowledge of the work, without having a negative influence. The three aforementioned requirements states that:

- a separate account be kept for each financial year in respect of each defined activity carried out by the in-house contractors. In-house contractors have to indicate on the income side, prices specified in the tender documentation or works contract, and on the expenditure side, all the costs of carrying out the work.
- the local authority meet the prescribed financial objectives which are pre-competitive tendering budget less rate of return.
- authorities prepare an annual in-house contractors' report for each financial year. The report must contain a summary of the account and a statement showing whether the financial objective has been met. The report must be prepared not later than six months after the end of the financial year, for example, by 30 September in Britain's case, and copies sent to the Secretary of State and the auditor by 31 October. The report must be made available for public inspection, or purchase (at a reasonable charge).

Guidelines on how local authorities should appraise tender documentation and select the most appropriate tenders also had to be dealt with in legislation. This will be discussed in the following section.

### **3.3. GUIDE TO APPRAISE TENDERS AND THE SELECTION OF TENDERERS**

To stimulate competition, tender documentation has to be drawn up in such a way that it encourages fair and just allocation of tenders. If the tender appraisal and selection process is not dealt with correctly, it will lead to complaints relating to anti-competitive behaviour and it might even discourage contractors; such as private or in-house contractors, to submit tenders in an attempt to win the contract.

#### **3.3.1 CONTRACTUAL ARRANGEMENTS**

To enable both the public and private sector to gear up for competition, provision has to be made within the timetable as stipulated in the Local Government Act of 1988, to let contracts in phases of over a five-year period at twenty percent per annum (Conway *et al.* 1993:13). Local authorities are delegated the ability to design their contract documentation to suit their unique requirements, but they have to promote fair, reasonable and impartial competition. The contract has to be divided between the parks and recreational related services for example, grass cutting, planting and care of beds and borders or arboriculture work, with specifications and standards set to maintain the specific function.

#### **3.3.2 SPECIFICATIONS**

Section 4(3)(c) of the Local Government Act of 1988 requires local authorities, before carrying out the work, to make a detailed specification that should be available for inspection during the tendering process. These specifications illustrate the standard of work, for example the amount of annuals to be planted per square meters and the frequency of replacement, expected of the contractor winning the tender. The contractors who are tendering use the specifications to assist in calculating the tender price (Conway *et al.* 1993:14).

### **3.3.3 PREPARATION WORK**

Before subjecting work to competition, the first step is to prepare the contract documents. To enable the quantities to be included in the documents, (for instance square meters of grass to be mowed), it is essential that all resources, machinery to mow grass with, are identified, measured and quantified. When the contract documents are prepared, the next step should be followed, which is the invitation of tenders.

#### **3.3.3.1 ADVERTISING (INVITATION TO TENDER)**

Section 4 of the Local Government Act of 1988 sets out positive instructions, for example where to advertise contracts and contract advertisements, to ensure that the local authorities comply with the legislation. Advertising tenders are referred to in par. 3.2.3.

#### **3.3.3.2 TIME SCALES**

Time scales refer to the invitation period for tenderers to commence and the amount of tenderers who should be involved in each tender invitation. As mentioned in par. 3.2.3, the Local Government Act of 1988 stipulates the following:

- If more than three persons notify the authority that they wish to carry out the maintenance of parks and recreational services, at least three are invited to tender.
- If less than four persons respond, each of them is invited. The invitation to tender should be made not less than three months, or more than six months before the closing date of the tender.

### **3.3.3.3 STEPS TO TENDER**

After advertising and displaying the specification, selling and distribution of work specifications, the acceptance of interested persons, and companies or in-house contractors the local authority has to select which contractors it wishes to invite to submit a bid. This only applies should there be more than three interested parties (Swan 1994:19).

The next step is to select the tender which can best comply with the specifications and standards as stipulated in the contract documentation, and this process involves the following:

#### **i. Tender selection**

Each contract should be advertised separately and a separate decision about the choice of tender should be made for each contract after following the advertisement procedure as explained in par. 3.2.3.

The interested person, companies or local authorities or in-house contractors all need to be evaluated to determine their level of expertise, experience, performance and financial stability. Both legal and financial experts should be involved in the tender selection. In cases where such expertise cannot be found, an in-house specialist should be consulted. The local authority may be required to motivate any rejection of any person or company's proposed tender to the Secretary of State. In the case of rejection, a motivation statement explaining rejection should accompany a tender. The selection of tenders is very important and should be fully documented by using a tender appraisal questionnaire in order to collect initial basic information about each tenderer (Local Government Act 1988).

The reason why any person expressing interest has not been selected as a tenderer, must be supported by a written statement setting out the reasons for rejection; in order to ensure there is adequate information to give a satisfactory explanation about the selection of the choice of contractor (Competition and Service 1988:28).

**ii. Pre-tender briefing**

Those persons, companies or local authority in-house contractors who wish to submit a bid, should be issued with tender documents by the local authority. Within seven days of the issue of the tender documents, the official representing the local authority arranges a meeting to discuss the tender details with all bidding contractors present (Competition and Service 1988:28).

Thereafter any representation by any tenderer should be in writing and any further instructions by a local authority representative (official) should also be in writing and distributed to all bidding contractors. The important aspect here is that all interested tenderers should be treated equally to prevent anti-competitiveness. The information conveyed at the pre-tender briefing is necessary so that the contractor best equipped in terms of prices to maintain the parks and recreational services will be appointed. Selection criteria for appointing the best tenderer might entail previous experience in the field of maintenance of parks and recreational services, sufficient financial backup or established infrastructure to adequately maintain parks and recreational services (Competition and Service 1988:28).

**iii. Tender period**

During the tender period, local authority officials should remain neutral and impartial in their relationship with both private and public sector contractors. The danger may be that the local authority officials act in favour of in-house tenderers (Competition and Service 1988:36).

**iv. Tender reception**

Arrangements for the receipt and opening of tenders will vary with each local authority. Tenders should be opened in accordance with the instructions to tender. The opening of tender documentation is always done on a specific time by one of the officials where all interested parties may be present.

#### **v. Tender evaluation**

After the reception of bids, the local authority officials are responsible to evaluate and check the tender documents to ensure that they are completed properly, are mathematically accurate and realistically priced. Thereafter recommendations can be made to the policy makers (councillors), who will make the final decision on who to appoint as contractor.

Having received the bids, the final decision should not be solely based on the lowest tender (Competition and Service 1988:37). The relevant local authority's officials should undertake an evaluation of each contractor's tendering financial status. The quoted figures on the tender should clearly prove that the contractor tendering is able to maintain parks and recreational services (British Audit Commission 1990:12). After the procedure of tendering has been dealt with, the allocation of the tender to the successful contractor follows.

#### **3.3.4 LETTING THE CONTRACT**

Having taken the final decision, the next step is to appoint the contractor, which is a legal formality. After completion it will be the responsibility of the client in the organisation to manage the contract, ensure that the contractor will achieve the time scales, the targets and maintain the standards set out in the specification (British Department of Environment 1994:22).

The success of any contract depends on good communications and the client should ensure there is adequate and suitable monitoring staff to supervise the contract (ILAM 1988:1-6). Tender appraisals and selection serve as a guide to local authority officials to administer the implementation process of competitive tendering. To the tenderer it is an indication of what is expected in terms of the actual maintenance of park and recreational services to the local authority's satisfaction. Disputes between the local authority and the contractor might from time to time occur on the terms of the agreed contract documentation and specifications stipulated. The Department of Environment is responsible to deal with these disputes, for example, where a

contractor is of the opinion that a specific task was not specified in the specifications and the client insists that the contractor perform the task at no extra cost. The Local Government Act of 1988 serves as a guideline to the British Department of Environment in dealing with disputes. Issues involving the enforcement of this Act, are closely related to the tender appraisal and selection process and will be discussed in the next paragraph.

### **3.4 ENFORCEMENT OF THE LOCAL GOVERNMENT ACT OF 1988**

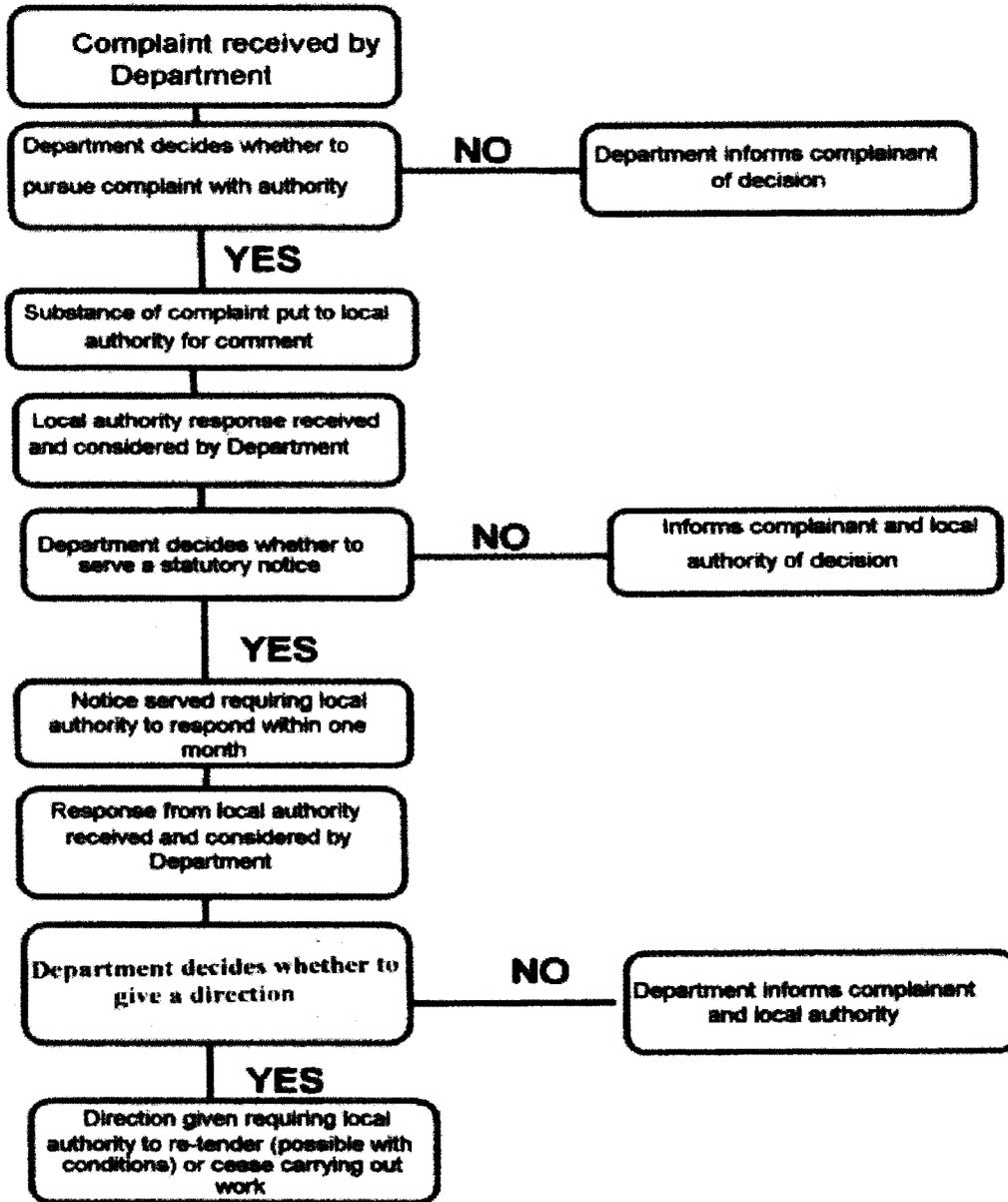
The Secretary of State for Environment enforces the rules of the competition process as well as the in-house contractor's financial objectives under requirements of the Local Government Act of 1988. A statutory notice may be served on a local authority if it failed to comply with legislation, for example, if opening of tenders is not done in a correct manner. If a satisfactory response is not forthcoming from the local authority within one month the Secretary of State may decide in terms of the 1988 Act to serve a statutory direction. Such a direction may require the local authority to re-tender or not to carry out work through its in-house contractor (Swan 1994:33).

Anti-competitive tendering behaviour was seen as something that could make the competitive tendering process fail, should it not be controlled by means of clear guidelines.

#### **3.4.1 ANTI-COMPETITIVE TENDERING**

Anti-competitive behaviour is identified when any role player restricts, distorts or prevents competition (Conway *et al.* 1993:13). The Local Government Act of 1988 introduced the concept of anti-competitive behaviour (see fig. 3.1). The Secretary of State is allowed in terms of the Act, to define in law how compulsory competitive tendering should be conducted and what constitutes anti-competitive conduct. The 1992 Regulations (see par. 2.4) on avoiding anti-competitive behaviour, originated from the power delegated to the Secretary of State and came into force to assist local authorities to conduct competitive tendering and avoid anti-competitive behaviour (Conway *et al.* 1993:14).

Figure 3.1: Anti-competitive behaviour



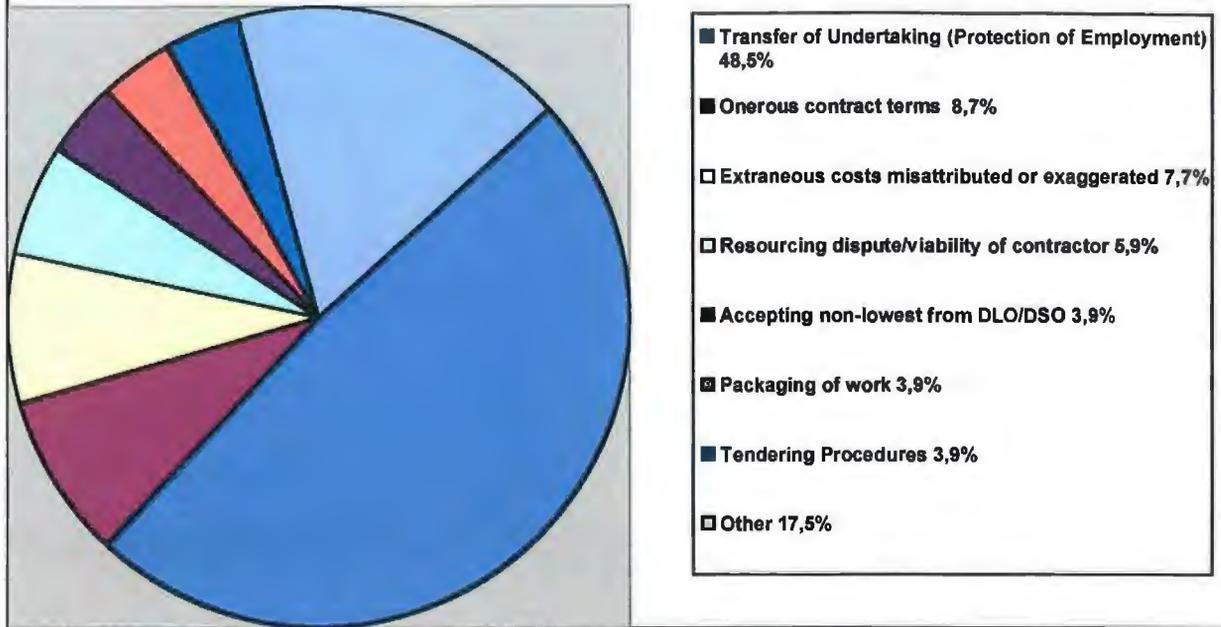
Adapted from British Department of Environment (1994:11)

The power to determine what constitutes a specific case of anti-competitive behaviour lies with the Secretary of State. Figure 3. 1 shows the steps in the procedure when investigating allegations of anti-competitive behaviour, and follow-up enforcement (British Department of Environment 1994:11).

During 1994, the British Department of Environment dealt with over one hundred cases of alleged anti-competitive behaviour. On average, some thirty allegations of anti-competitive behaviour were under investigation at any one time during the year, most of which were made against local authorities by private (external) contractors; for example, that tendering procedures were not followed and the lowest tenders were not accepted (see figure 3.2). Trade associations, institutes, opposition councillors and members of the public, also made some allegations (Local Government Information Unit 1995:12-18). In 1994 the Secretary of State served twenty notices and gave nine directions to local authorities for anti-competitive behaviour. The majority of complains were launched by institutes representing private (external) contractors, for example the British Association of Landscape Industries (BALI). During the implementation phase between 1988 to 1994, it was found that local authority employees affected by the compulsory competitive tendering process instigated the majority of complaints. Examples of these complaints relates to redundancy packages offered and client and provider separation.

Figure 3.2 indicates the breakdown of cases by nature of complaint. In most cases, the directions required local authorities to re-tender work early and to seek the Secretary of State's consent if they wished to reassign work to the in-house contractor. In many cases, of course, a satisfactory resolution of complaints was achieved without statutory action (British Department of Environment 1994:13).

**Figure 3.2: The breakdown of cases by nature of complaint: 1994**



**Adapted from British Department of Environment (1994:12)**

In the previous sections it became clear that the Local Government Act of 1988 had a direct impact and influence on the management/administration of the maintenance of parks and recreational services in Britain. There is however, also other related legislation that supports and enhances the aforementioned Act. In the next section, such legislation will therefor be discussed.

### **3.5 RELATED LEGISLATION INFLUENCING THE MAINTENANCE OF PARKS AND RECREATIONAL SERVICES**

The Local Government Act of 1988 was influenced by both the European Community Legislation, and the British Ministerial Regulations. Cognisance had to be taken of the contents of European Community Legislation in compiling the Local Government Act of 1988 while regulations were promulgated to give guidance and clean uncertainties where necessary. These aspects will be discussed further in the next section.

### **3.5.1 EUROPEAN COMMUNITY LEGISLATION**

Local authority service provision in Britain, under compulsory competitive tendering, is also subject to European Community legislation. Britain as one of the member countries of the European Community is subjected to European Community legislation by agreement. Any European Community legislation relating to the maintenance of parks and recreational services will therefore also have an impact on such services in Britain. The Services Directorate (92/50/EEC) was incorporated into the United Kingdom Law on 13 January 1994 by the Public Services Contracts Regulations 1993 (Chan 1994:15). The directive applies to contracts valued at more than £150 000. It sets out non-discriminatory rules for selecting tenders and awarding public procurement contracts. The directive has two levels of compliance depending on whether a service is categorised as 'Priority' referring to services that tax payers cannot do without, for example water supply, or 'Residual'. Parks and recreational services were identified as residual service and the main requirements of the directive therefore influenced parks and recreational services in the following way:

- Technical specifications had to be based on European Community safety standards
- The result of tender competition had to be sent to the Official Journal of the European Community, for inclusion and publication in its supplement (Swan 1994:15, 16).

The European Community directive also dictated the minimum number of tenders to be included on a short list, (three) and the maximum length of contracts, (six years regarding grounds maintenance) (Swan 1994:16). Other legislation such as the European Community Acquired Rights Directive also influenced the process of compulsory competitive tendering in Britain. This involved the protection of employees' rights in the occurrence of company take-overs. It was incorporated within British law under the Transfer of Undertakings (Protection of Employment) Regulations (Swan 1994:16-17). Transfer of undertakings (Protection of Employment) Regulations (TUPE) presents important rights for local government

workers in terms of protecting terms and conditions of employment and union recognition.

Another aspect influencing the maintenance of parks and recreational services is British Ministerial Regulation, which will form the focus of the next discussion.

### **3.5.2 BRITISH MINISTERIAL REGULATIONS**

The Local Government Act of 1988 allows the Secretary of State to define in law how compulsory competitive tendering should be conducted and what constitutes anti-competitive conduct. The Secretary of State executed these delegated powers to give guidance on a range of related issues such as what is regarded as anti-competitive behaviour and to strengthen and clarify the statutory framework of compulsory competitive tendering, in relation to contract periods and detailed timing for the various stages of the competition process. This allows contractors sufficient time to prepare their tenders (British Department of Environment: 1991).

### **3.6. CONCLUSION**

The legislation for compulsory competitive tendering has been compiled to be broad and enabling, and is not very detailed. It was felt that local authorities should be given a guideline to suit individual local authority needs.

The successful implementation of the Local Government Act of 1988 on the implementation of maintenance of parks and recreational services was made the responsibility of the Department of Environment. Besides the Department's role there were also many other players, such as landscape professionals, park managers, landscape architects, horticulturist, policy makers (in this case local authority councillors) and the parks and recreational facility users; each with their own requirements relating to the maintenance of parks and recreational services and responsibilities towards the people or institution they represented. The objectives of the client (local authorities in Britain), are designed to ensure that the contractor maintain the services in accordance with legislative specifications and that the

objectives of the contractor to do the work is as cost efficiently as possible to ensure profits.

Competitive tendering was made compulsory by promulgating the Local Government Act of 1988. The Local Government Act of 1988 can certainly be singled out as the most significant legislative event causing change in the rendering of provision of services in the history of parks and recreational services in Britain. Apart from the 1988 legislation, compulsory competitive tendering for the maintenance function of parks and recreational services was also influenced by other legislation, such as the European Community legislation. This involved amongst other things arrangements regarding employees affected by the compulsory competitive tendering process. Further legislative arrangements were determined by British Ministerial Regulations. This impacted on the maintenance of parks and recreational services in that it gives guidance to officials and contractors on a range of related issues, such as a timetable for implementation of compulsory competitive tendering. The implementation of competitive tendering changed the rendering of parks and recreational services from the traditional service rendering approach, which focussed on satisfying the needs of the community based on political considerations to a commercialised approach focussing on maintaining parks and recreational services, cost effectively and efficiently.

To create a better understanding of the legislation involved in the compulsory competitive tendering approach, a theoretical framework, to explore the various choices available for developing a compulsory competitive tendering approach, will be discussed in the next chapter.

## CHAPTER 4

### A THEORETICAL FRAMEWORK TO EXPLORE THE OPTIONS AVAILABLE FOR DEVELOPING A COMPULSORY COMPETITIVE TENDERING APPROACH IN BRITAIN

#### 4.1 INTRODUCTION

When it come to compulsory competitive tendering on the local government level there are many questions to be asked, for instance: Is competition healthy in local government? Why is competition on local government level necessary and was it really necessary to change the *status quo* on service rendering? Many taxpayers argued that the implementation of compulsory competitive tendering on the local government level is not about competition, but that competition is something for the private sector and in areas where products are produced. The result of the Local Government Act of 1988 was that Local government employees in the Britain were forced to think about competitive services in local government and they had to develop a rationale and understanding as to why, how and what would be part of this competition debate. To understand the why, how and what of compulsory competitive tendering, a theoretical overview of compulsory competitive tendering, as the option taken by the British Government to reduce the size and improve the responsiveness of the public sector, will be discussed in this chapter.

While some argue that the option may be limited or even in some cases, regulated, it is an opportunity that local authorities have to take to exercise certain choices regarding the implementation of compulsory competitive tendering in Britain. It was found that in Britain the debate about compulsory competitive tendering was often polarised between extreme points of view, for example that all services should be privatised on the one side, and on the other that there is no place for the private sector in the local government environment. These opposite points of view were caused by particular values and beliefs or previous experience or information that was available at the time of the implementation of compulsory competitive tendering. People's views were also based on inaccurate information or on limited knowledge of

the issues surrounding the implementation of compulsory competitive tendering. This often caused bias and results in destructive and polarised debate about whether it is indeed necessary to implement compulsory competitive tendering on the maintenance of parks and recreational services, and if it is indeed the option to take to develop a competitive service approach. In an effort to overcome the aforementioned issues, an investigation into the selection criteria used to decide what services to expose to compulsory competitive tendering will be discussed. The various options within the compulsory competitive process permitted by implication by British legislation, with specific reference to the advantages and disadvantages of each choice, will also be explained in an effort to explain the choices available to local authorities to make a choice regarding the development of a competitive service approach.

Although compulsory competitive tendering radically altered the way local authority services were managed and delivered, it does not in any way affect the responsibility of local authorities to maintain the standard of those services. Council members and officers should not consider that their responsibility for effectiveness has been removed if a service is exposed to compulsory competitive tendering. In this chapter the development of an effective competitive service approach will be discussed to assist local authorities in making the best possible choice for the maintenance at parks and recreational services.

## **4.2 A THEORETICAL OVERVIEW OF COMPULSORY COMPETITIVE TENDERING**

Compulsory competitive tendering can be regarded as an option one can take to reduce the size and improve the responsiveness of the state sector for a specific function, for example the maintenance of parks and recreational services. Within the scenarios of compulsory competitive tendering, one therefore has choices to make to ensure the effective maintenance of parks and recreational services.

Competitive tendering is the provision of a public service through a competitively awarded contract. The British Central Government chooses what services to competitively tender for, by making use of criteria such as services which involve

high expenditure and services where a competitive market exist. Such criteria will further be discussed in paragraph 4.3. A local authority chooses the providers or contractors from which it is purchasing the services. Compulsory competitive tendering therefore involves a synthesis of public and private roles. The public sector decides what services should be competitively put out on tender and what specifications, for example, cutting height of grass, should apply to the service. The competitive market responds to the invitation of the government, and a provider is selected for a specific service for a period of time. The public sector retains policy control over the service, while the competitive market produces the service under public scrutiny. The practise of competitive tendering as initiated by the British is now commonly in use around the world for a variety of public services during the late 1990's, including maintenance of parks and recreational services (Kurren 1993:12).

The fundamental advantage of competitive tendering for governments is that it can save money. Competitive tendering brings competitive incentives to the production costs of a public service and according to Cox & Love (1991:21) reduces public costs in three ways:

- Costs are lowered through provision of services at no more than the competitive rate.
- Costs are lowered through the improvement of management techniques and procedures. Local Government employees for example have to operate within restrictions of prescribed rules and regulations, for instance financial regulations. Whilst private sector employees are not restricted by the same legislation.
- Net costs are lowered as a result of tax revenues, licenses, and fees paid by private contractors on the public services they operate.

According to Cox & Love (1991:24) there are four basic steps in the competitive tendering process:

- The government seeks competitive tenders for delivery of a specific quality and quantity of services for a defined period of time.
- A contract is awarded to the lowest responsible and responsive tenderer that demonstrates the ability to provide the required quality and quantity of service.

- Contractors that fail to provide the service as specified are financially penalised or replaced.
- New competitive tenders are sought in sufficient time to award a new contract for service commencing at the expiration of the contract.

According to Cox & Love (1991:24) there are two fundamental principles of competitive tendering of public services:

- The government retains full policy control, determining which services are purchased, establishing quality and safety standards, administering contracts, and monitoring service performance.
- The government fosters a competitive market. The maintenance of a competitive market is crucial to the success of competitive tendering. Private monopoly should not be tolerated any more than public monopoly.

Fostering a competitive market requires:

- Wide participation and full disclosure of information so that all potential interested proposers have sufficient information to submit a tender if they desire.
- Limitation of contract duration (usually not more than five years including renewal option).
- Limitation of tender size, so that smaller companies have an opportunity to participate.
- Cost control through a requirement for fixed price tenders, and prohibition of price negotiations after contract execution.
- No government specification of labour arrangements except compliance with applicable law (Cox and Love 1991:22).

Competitive tendering can save money, not necessarily because the private sector is superior to the public sector, but because competition induces lower costs than a monopoly. In the case of parks and recreational services in Britain it was estimated that eleven percent of the total maintenance cost of parks and recreational services were saved after implementation of competitive tendering (British Department of Environment 1994:8). A survey on 164 local authorities, after one year of the implementation of a competitive tendering process proved to have an average of

10,9 percent saving on the maintenance of parks and recreational services (Walsh and Davis 1993:141).

As mentioned in chapter three, the British Government adopted legislation (see par. 3.4) to reduce the size and improve the responsiveness of the state sector in terms of the Local Government Act of 1988. From this legislation the compulsory competitive tendering process emanated. The next logical step after the decision to implement compulsory competitive tendering is to select services that should be incorporated into the compulsory competitive tendering process. Criteria should be decided on to evaluate services (which were traditionally rendered by local government in-house staff), to determine if expenditure can be reduced and control over resources be increased by exposing the service to compulsory competitive tendering.

#### **4.3 SELECTION CRITERIA FOR COMPULSORY COMPETITIVE TENDERING**

To implement the policy (see chapter 3) and commitment of the British Government to reduce the size and improve the responsiveness of the state sector regarding the maintenance of parks and recreational services, it is of importance to identify those functions that can be delivered more efficiently by the private sector. It is also important to determine how it was decided that parks and recreational services should be exposed to compulsory competitive tendering.

North (1994:12-14) identified the following criteria that serve as a guide to the decision makers, such as politicians and high ranking officials on British Central Government level in determining if a service or function (like the maintenance of parks and recreational services) in Britain should be exposed to compulsory competitive tendering or not:

- The provision of a service area should involve high expenditure.
- The service should be able to be specified simply, for example: the pruning of street trees.

- The transition costs should be reasonably recovered within at least five years or two contract periods. Transition costs can be management information systems needed to manage the service to be outsourced.
- A competitive market must exist. There should therefore be a sufficient amount of private contractors who will take part in the tendering process.
- Public interest and social factors must be considered. The needs of the community should therefore be considered.
- The service should not be integrated with other services or activities to such an extent that its removal would significantly influence the delivery of the remaining service, should the one be outsourced. Where the functions of the Health, Parks and Recreation Departments, for example overlap, problems might be experienced in the Health Department, should parks and recreation be outsourced.
- Control and accountability of the service should be adequately managed through a contract. Specifications must be drawn up and the local authority must accept responsibility for managing the service and contractor for execution of the service.
- The risk of failure of a contract should be acceptable. Should it, for example, be obvious that the contractor tendering for the delivery of the service will not be able to render the service for the tender amount quoted, the work should not be allocated to that contractor.
- The views of stakeholders such as the community, councillors and staff should be considered, and it should be determined how, when and by whom they want the service to be rendered.
- The local authority should only contract out those services or activities which are authorised by legislation (in the case of Britain, through the Local Government Act of 1988).
- Decisions relating to outsourcing are subject to the common law principles of natural justice and must be seen as being fair and reasonable.

According to North (1994:16-21) the following criteria should also be considered when a local authority decides to competitively tender for a service:

- Contracting should be a lower cost option consistent with the standard required for the service.
- Transition costs, for example redundancy costs of personnel, should be reasonably recovered within at least five years through benefits accruing from the change.
- The existence of a competitive market should be present which can meet quality, quantity and performance needs.
- A service should, if retained, contribute to a significant injection of capital to replace or acquire new assets.
- Control and accountability should be adequately managed through a contract and should not be critical to the success of a local authority.
- A specification and associated contract documentation for the service should be produced to allow adequate performance monitoring of a contractor.
- The service or function may not be an activity where the retention of in-house or institutional skills and knowledge is important.
- The service should meet short-term peak load requirements. Maintenance of parks and recreational services can serve as a typical example where seasonality plays a vital role in workload. During summer time grass grow and resource requirements are much higher than is the case during winter.
- The service must not be a core service or activity that is of critical importance. A local authority's overall ability to perform may be of critical importance to public perceptions of local authorities. This requirement will exclude management, key regulatory and resource planning activities.
- The savings for a local authority should not be less than the costs of contract preparation and monitoring.

From the above it is clear that the maintenance of parks and recreational service suit the requirements for adopting a competitive approach.

The legislation promulgated to enforce competitive tendering in Britain (see chapter 3) allows by implication for four options that a local authority may choose from in rendering a specific service. The next question is what choice, within the compulsory competitive tendering approach, should a local authority take to render the best

parks and recreational maintenance services. In the next section the options available will be explored.

#### **4.4 OPTIONS TO DEVELOP A COMPETITIVE TENDERING APPROACH**

Each local authority has to investigate what the available choices are for developing a competitive tendering approach within its own organisation and what the short and long term benefits of each option will be for the community.

Under the requirements of compulsory competitive tendering legislation in Britain (see chapter 3), in terms of the Local Government Act of 1988, a local authority has by implication, the following choices for developing a competitive tendering approach (Boyd 1994:5):

- In-house agreements with a local authority established business or service unit. This option was taken by the Slough Borough Council and is known as ‘business or service units’. Business or service units are in-house local authority owned services or work areas that operate on commercial or business principles with an increased level of autonomy to compete both internally and externally for work.
- Contract to a corporate local authority entity or trading enterprise. This could be a single local authority entity or a regional entity involving other local authorities. Trafford Metropolitan Borough opted to make use of this option, which is also known as the ‘corporatisation of service’. Corporatisation involves the establishment of a legal corporate entity in which a local authority holds a majority of shares and voting rights and is established for operating specific functions or services on a competitive basis with other public or private sector providers.
- Contract out to an external provider, for example the option the Westminster City took and which is known as ‘outsourcing’. Contracting out or outsourcing is the process whereby a local authority invites tenders for the right to provide a particular service or to do a project for a local authority. Such a right is awarded to an external contractor or provider.
- Privatisise the service by selling it off to another provider. The Richmond City Council opted for the option known as ‘privatisation or selling off’. Privatisation or selling off, means the selling off or divestiture of a clearly identifiable operation or

service of a local authority to the private sector; after which a local authority has no further say in the operation of that service and retains no statutory or could indeed hold no further stewardship responsibility.

Figure 4.1 indicates the choices for developing a competitive service approach. All the choices, apart from privatisation, are still a local authority's primary role and responsibility for the provision of services. A local authority may choose over a period of time to move from one service alternative to another depending on a range of factors that contribute to adequate quality at the right cost, for example the Richmond City Council, where the corporation or trading enterprise went bankrupt and the maintenance of parks and recreational services was privatised.

Figure 4.1 refers to the term 'client side' and 'contractor side'. The compulsory competitive tendering legislation in Britain has sought to encourage a clear distinction between the client and the contractor.

A local authority will need to establish a clear separation between the contractor and the contract management (client) responsible for specifying the contract requirements and conducting the tender process in a fair and accountable manner. One reason for this is that clients will be concerned with service standards; for example, at what frequency grass should be cut and to what length to achieve value for money. Contractors should be concerned with winning contracts and performing to standards and price. These reasons will be discussed more comprehensively in chapter five.

The primary difference in function is however, that the contractor is responsible for the execution of the maintenance of parks and recreational services according to standards as set in the tender documentation and contract. The contract management (client) on the other hand, is responsible for the control function to see to it that work is done in accordance to specifications. The business or service units, corporation or trading enterprise, or the private enterprise winning a tender, is generally referred to as the contractor side and the contract management, on the other hand as the client side. The client/contractor separation and responsibilities of each will be dealt with in detail in chapter five of the dissertation, for it had a definite influence on service delivery.

The various options for outsourcing the maintenance of parks and recreation services will be discussed in detail in the next paragraphs by referring to the characteristics, advantages and disadvantages of each option.

#### **4.4.1 BUSINESS OR SERVICE UNITS**

Business or service units are one way of developing a competitive service approach. Business or service units are in-house local authority owned services or work areas, such as the maintenance of parks and recreational services; that operate on commercial or business principals with an increased level of autonomy to compete both internally and externally for work (Boyd 1994:7).

##### **i. Characteristics of business or service units**

The primary characteristics or requirements of business or service units involve the following:

- A business or service unit must compile a business plan including a marketing and pricing plan that must be submitted to a local authority's council.
- Reports on the business or service units operations must be submitted to a local authority on at least a monthly basis, which is used as a monetary tool for the client.
- Business or service units are organised on commercial principles. 'Cost effectiveness', 'efficiency' and 'profit' are therefore key terms.
- Clear goals and outputs must be determined in conjunction with the local authority that is the client.
- Business or service units use management processes and techniques; for example computerised management information systems, to be competitive and to render services on a commercial basis. The traditional local government management processes tended to be based on bureaucratic approaches and therefore appear to be rigid.
- Full operational responsibilities are placed on managers of the business or service unit.

**FIGURE 4.1: ALTERNATIVE SERVICE CHOICES FOR DEVELOPING A COMPETITIVE SERVICE APPROACH**

**LOCAL AUTHORITY**

**(Strategic Plan and Policy – Business / Service Review)**



**“Client Side”**

**SERVICE ALTERNATIVES**

**“Contractor Side”**



**BUSINESS OR SERVICE UNITS**

Councils own in-house Staff established in units with increased accountability and autonomy

---

Council relationship by **IN-HOUSE AGREEMENT**



**CORPORATION OR TRADING ENTERPRISE**

Usually a Council established Company. Could be a Regional Company with other Councils.

---

Council relationship by **CONTRACT**



**OUTSOURCING TO EXTERNAL CONTRACTOR**

Service provided by:

- Private Sector
- Another Council
- Non-profit or Voluntary Sector
- Other Government Agency

---

Council relationship by **CONTRACT**



**PRIVATISATION OR SELLING OFF**

Councils sell off the service and usually unable to specify the outcome.

---

Usually no further contractual relationship

- Performance of the business or service unit is clearly measured most of the time in financial terms.
- Quality and cost and customer services are emphasised through continued monitoring processes.
- Business or service units emphasise the best practises and benchmarking practises.
- Performance of a business or service unit is continuously compared with competitors (Boyd 1994:9).

## **ii. Advantages of establishing a business or service unit**

The following are advantages of business units:

- A business or service unit makes provision for a multi-service (one business unit can have divisions for instance aboriculture, sport services, road reserve maintenance) or a single service (a business unit can be established for a single function like grass cutting).
- A business or service unit encourages detailed business or service plans that gives role players direction.
- Costing and pricing are of importance and has to be done in detail, and will give a timeous indication if the project is viable.
- Quality assurance and monitoring systems have to be put in place to secure cost effectiveness, efficiency and maximum profit.
- Greater flexibility to business or service unit management is possible through business units, due to reduction of rules and regulations compared to traditional local authority employees.
- Detailed specifications are compiled to serve as control mechanism to measure work performance (McKinley 1995:9).

## **iii. Disadvantages of a business or service unit**

- The business units may need a lot of assistance to become established to achieve efficiency and effectiveness. Most local authority employees have never been exposed to a commercial approach to service rendering. New responsibilities such as financial responsibilities are placed on them, which were unfamiliar to most of them. Culture change from traditional service rendering to a commercial approach, is the single most important change that had to take place.

- Organisational restructuring takes place and a few personnel members remain permanent local authority staff members to act as client officials. The division of personnel (see chapter 5) proved to be a complicated process in the case of Britain.
- To enable the business or service unit to be competitive and to survive financially is a cumbersome process that involves a lot of training.

#### **4.4.2 CORPORATISATION OF LOCAL AUTHORITY SERVICES**

Corporatisation involves the establishment of a legal corporate entity in which a local authority (or combination of local authorities) holds a majority of shares and voting rights and is established for operating specific functions or services on a competitive basis with other public and private sector contractors. The local authority may choose to set up a company and this is often achieved by existing managers and staff who were previously employed by a local authority, transferring into the new company and could even have substantial shareholding in the new company. The new company would more than likely be contracted for service delivery previously done through in-house provision, but also take on new work outside of a local authority's responsibilities. The local authority may however enter into a partnership with other contractors in both the public and private sectors (Boyd 1994:6).

##### **i. Characteristics of Corporatisation**

The following are the characteristics of a local authority's corporate entity:

- It is established as a legal entity, usually a company.
- Local authorities have full or a majority shareholding in a local entity.
- A local authority may be in partnership with others, including previous managers and staff.
- The corporate entity is responsible for paying taxes and tax advantages.
- The corporate entity is subject to competition with other public and private sector organisations.
- The corporate entity establishes its own business plan and is responsible for company reporting.

- The corporate entity is responsible for the full cost of rendering a service such as maintenance of parks and recreational services.
- The corporation can own its own property and assets.
- The corporation is regarded as a legal person and can therefore be sued as well as sue in its own right (Boyd 1994:6).

## **ii. Advantages of corporatisation**

- Continuity of employment for managers and staff is a possibility by making use of the corporatisation option.
- Transfer of in-house contractor obligations can take place from the local authority to the corporate entity.
- Through the option of corporatisation, experience and benefit of existing staff can be maintained, because managers and staff, previously employed by a local authority, become shareholders of the new company.
- Costs may be lower as the new company will accept contracts from other areas, therefore overhead costs will be spread.
- Innovative or entrepreneurial minded staff welcome the challenge brought about by corporatisation, mainly because of financial initiatives and shared ownership.
- Reduced influence of a local authority's restricting policies on staff and its operations are usually a result of corporatisation. Greater freedom to work more flexible hours can serve as an example. Seasonality, for instance, has a major influence on the maintenance of parks and recreational services and employees are generally requested to work longer hours during the growing season.
- Corporatisation brings about the opportunity of incentives for productivity improvements (Boyd 1994:6).

## **iii. Disadvantages of corporatisation**

- A series of costs are involved - including the costs of creating an administrative support network, the acquisition and development of a new information system and director's fees.
- Staff has to be 'transferred' to the company and new conditions of services have to be negotiated.

- A company is unlikely to be characterised as a public authority for the purposes of taxation assessment. In simple terms it is likely that the company will be liable to pay tax (Boyd 1994:6-7).

#### **4.4.3. CONTRACTING OUT OF SERVICES – ‘OUTSOURCING’**

Contracting out is the process whereby a local authority invites tenders for the right to directly provide a particular service, project or works of a local government's activities, and such right is awarded to a private (external) contractor. The local authority may have an in-house labour force but decide, usually after going to competitive tendering, to use outside contractors in preference. In this situation a local authority retains overall control of the direction of the activity and has an option at some future time to revert back to full in-house responsibility (Boyd 1994:5). Outsourcing is characterised by the following specific activities:

##### **i. Characteristics of ‘outsourcing’**

The following are the characteristics of ‘outsourcing’:

- Outsourcing may be done after consideration of internal or in-house staff tenders or in-house staff may be excluded from the opportunity of in-house tendering.
- Local authorities retain overall control of the activity or service through tender documents and specifications.
- Local authorities retain the option at some future time to revert back to an alternative service method including in-house labour.
- Outsourcing is done by a tender process.
- Contracts can be awarded to voluntary agencies, government bodies, other local authorities, and private sector companies or a local authority's own established companies (Boyd 1994:5).

##### **ii. Advantages of ‘outsourcing’**

- The outsourcing option allows for financial and managerial autonomy, in other words to be run like a business which has advantages, for example more freedom of decision making.

- Public ownership and private operation can be achieved through concessions and leases which allows a local authority to delegate the operations of infrastructure services and the responsibility for new investment - along with the commercial risk, to the private sector.
- Penalties can be imposed for failure to meet agreed performance goals and/or business.
- Management contracts are sometimes seen as an attractive option when fuller private participation is not appropriate, or where it is expected that a management contractor can help to improve information about the enterprise and its market before further private participation options are considered (McKinley 1995:8).

### **iii. Disadvantages of 'outsourcing'**

- Under a management contract, a private firm manages the operations of a state-owned enterprise without committing its own investment capital or accepting full commercial risk for matters such as tariff collection.
- Because the local authority retains responsibility for financing investment, budget constraints can lead to deterioration in the quality of the infrastructure, hindering the performance of the operator (McKinley 1995:8,9).

#### **4.4.4 PRIVATISATION OR SELLING OFF**

Privatisation in local government means the selling off of a clearly identifiable operation or service of a local authority to the private sector after which a local authority has no further say in the operation of that service and retains minimum control or could hold no further stewardship responsibility. It can also be the act of reducing the role of government or increasing the role of the private sector in an activity or in the ownership of assets (Boyd 1994:7). From the following characteristics it will be concluded that the privatisation option will have the most severe effect on existing local authority's staff.

## **i. Characteristics of privatisation**

The characteristics of privatisation includes the following:

- The selling off of the service or operation or asset to the private sector usually takes place in the form of a lump sum payment.
- The sale of a service could include the sale of assets, labour and authority to perform such a service.
- The local authority has minimum control over parks and recreational services, however, a local authority may still have ultimate regulatory responsibility for the conduct of that business or any other businesses through by-laws, for example, safety regulations or legislative responsibility.
- The new owner of the service would expect to operate on full commercial principles and be subject to usual business competition.
- A local authority could allow the management and staff to buy the service, often called a 'management buy out' (Boyd 1994:7).

## **ii. Advantages of privatisation**

- Private ownership and operation are most attractive to the private sector where there is high potential for securing revenues from user charges and when commercial risk is low. Competition among service providers is the driving force behind reasonable cost and good services. The involvement of the private sector in the opportunity to provide infrastructure services promotes competition in service rendering. In addition to other benefits of private participation, privatisation may be used as a source of government revenues to pay debts or meet other government obligations and may also be used to distribute share ownership broadly across the population, for example, the selling of a recreational centre to a private entity might be a welcome source of income at a time when money is needed for another purpose (McKinley 1995: 8-9).

## **iii. Disadvantages of privatisation**

- A local authority has certain responsibilities in terms of the rendering of services. (With the privatisation option a local authority has minimum or no control over the service provider, but remains accountable to render services to its taxpayers).
- With privatisation provision of infrastructure becomes the responsibility of the private sector. It is important for local authorities, prior to privatisation, to

implement regulatory measures, such as written agreements to ensure that infrastructure will be provided in a sustainable manner (McKinley 1995:9).

From the options above, it is obvious that a local authority will have to change from a service rendering approach to a commercialised approach with the emphasis on economy and efficiency. Policy makers will have to make a choice about what services, traditionally rendered by local authorities, are best suited for such an approach. In the next section the development of such an approach will be discussed further.

#### **4.5 THE DEVELOPMENT OF A COMPETITIVE SERVICE APPROACH IN BRITAIN**

The question is who makes decisions within the parameters set by the Local Government Act of 1988. Is it the councillors or is it officials in management positions? The councillors are elected representatives for a pre-determined period of time, and are therefore politicians representing the people on the local government level. Management refers to permanently appointed staff in the higher levels of the organisation structure. The general principle is that council makes bylaws related to parks and recreational services and management's role is to see that the policy is put into practise efficiently and effectively; for example implementing the compulsory competitive tendering process. Councillors will need to determine which services are 'core' (essentials or indispensable) services; such as what the service standards are that they expect and the resources required to, for example maintain parks and recreational services efficiently and effectively (Ernst and Young 1994:113).

The members of the management team are appointed on merit, based on their parks and recreational services, knowledge and expertise. Reporting to the ratepayers, (whom a council and management serve), is the joint responsibility of council and management to provide evidence of fair and just contestability between competing tenderers in Britain. From the above it is therefore clear that the members of council and management are responsible and involved when choices are made concerning a compulsory competitive approach.

#### **4.5.1 CONSIDERATIONS TO DEVELOP A SPECIFIC COMPETITIVE SERVICE APPROACH**

North (1994:22) referred to selection criteria (see par. 4.3) to determine for what services to competitively tender. Boyd (1994:11-28) refers to various considerations which should be taken into account by councillors and management, when deciding what option (see par. 4.4) is the most suitable within the available, compulsory competitive tendering options.

The following is a list of questions which should be considered by councillors of a local authority and management in making a choice between the various options; for example, business or service units, corporation or trading enterprise, outsourcing to an provider or privatisation, available for a competitive service approach (Boyd 1994:11).

- What are the short-term benefits of exposing a specific function to competitive tendering?
- Are there short-term advantages or additional costs that may be set off by longer-term gains?
- What are the short-term secondary impacts, are they positive or negative?
- What is the strategic longer-term advantages and disadvantages for a council and the community?
- Is the short-term gain (if any) supported by ongoing benefits?

By questioning and answering the above-mentioned questions, local councillors, who are the policy makers, can determine the immediate and long-term effect of their decision.

Local authority councillors in Britain should also, according to Boyd (1994:11), consider the following questions regarding quality control, for it is realised that a commercial approach to service rendering (profit making) can influence the quality (public sector approach) of rendering the service.

-

- Are current services 'quality controlled'?
- Will quality levels improve or vary by use of other methods?
- Are current service standards known are they measured and what is their current - too high, too low or just right?
- Is expertise available to prepare, supervise and monitor contractors in order to achieve quality and cost control?
- Is management managing in-house staff effectively, or can management be improved and how?

It would be short sighted not to determine exactly what control and regulatory measures can be exercised over a specific function like the maintenance of parks and recreational services, prior to exposing the function to a specific option. From the client's perspective an option must be sought, that will achieve the most efficient control. As already mentioned (see par. 4.1), although compulsory competitive tendering radically altered the way local authorities' services are managed and delivered, it does not in any way affect the responsibility of local authorities to maintain the standard of these services.

Governmental institutions world-wide accept the social responsibility of upliftment of the human being. The social responsibility a local authority takes upon itself, which relates to human resources development, during the implementation of a compulsory, competitive approach, can be tested in terms of the following questions:

- Is management effectively managing human resources?
- What value does the local authority put on being a direct employer of staff?
- How does the management value the effectiveness of other providers and/or contractors as employers of staff?
- Are there areas where management can improve human resource management to achieve increased productivity and job satisfaction of staff in terms of the maintenance of parks and recreational services?
- Does management value and encourage staff development? (Boyd 1994:12).

The diversity of roles of a local authority and its responsibility towards the taxpayer can also be a determining factor in making a choice about what option to take under compulsory competitive tendering. The following questions are applicable to a local authority:

- What are the preferred roles and responsibilities of the local authority?
- Does the local authority have a corporate plan that debates and decides the direction?
- Are the responsibilities (and service areas) currently provided by the local authority the right ones, are they doing well and are there better ways to achieve these needs?
- Are there government roles and responsibilities that can only be provided directly by a local authority? If so, what are they? (Boyd 1994:12,13).

A local authority has responsibilities towards its taxpayers regarding the cost effective and efficient rendering of services. It has to be determined who are best equipped to render the service in a cost effective and efficient manner; for example: a local authority might cut grass at a higher cost per square feet than a contractor, in which case it should be done by the provider who can do it at the lower tariff. Redundancy packages are applicable if a local authority chooses an option where existing staff will not be accommodated, for example in the case of privatisation. Financial considerations relating to existing human resources will result in management raising the following questions in order to determine what option should be taken:

- Will contractors employ the local authority's existing staff members in the services, if functions are contracted to them?
- What are the industrial, social and local economic impacts of a change of employment? (Boyd 1994:13).

The answers to the following questions asked by the decision makers namely councillors and management, will further assist in the choice made between the four available options for a competitive service approach (see par. 4.4):

- Does the local council have accurate detailed data on all of its assets and services?
- Does the local council know the true unit costs of each service activity?

- Does the local council have accurate detailed data on market prices and competitors? (Boyd 1994:14).

Cognisance must be taken of the fact that the primary goal of the private sector is profit and that of the public sector service rendering. The following questions will also assist the council and management of a local authority in choosing the right option regarding the compulsory, competitive tendering of parks and recreational services:

- Are the council's current motives achieved?
- Are private bodies able to cultivate the 'right' motives, for example rendering a high standard of service at the lowest cost?
- What are the values and relationships required of a private contractor? (Boyd 1994:14,15).

Councillors and management must keep the overhead maintenance cost of rendering parks and recreational services to a minimum. The option entailing the least costs will have to be determined. To achieve this, the following questions should be asked by the above mentioned decision-makers:

- Does the local authority have a database, which reflects true costs?
- Have council and management made a comparison regarding costs between the public and private sector service rendering?
- Could the local authority have overheads, which are higher than the competitors'?
- What are legitimate 'government obligations' that may not be overheads in competitive services?
- How can a council and its management team reduce overheads or develop more flexibility in the allocation and apportionment of overheads, such as the control function over contractors?
- Should overheads such as financial control be apportioned or charged as used? (Boyd 1994: 15).

Local authorities in Britain seem to have an integrated approach in the rendering of services, for instance rubbish bins are emptied whilst maintaining a park. Contracting out services results in the demarcation of service areas. Answers to the following

additional questions may assist a local authority in determining which services should be integrated and which should be contracted out:

- Does the local authority currently integrate its planning, co-ordination, delivery and evaluation of service provision, to achieve shared goals?
- Will an integrated approach be lost under contracting of service?
- How can work or services be modified to allow integration?
- Are there some services that should be integrated? (Boyd 1994:15).

To determine the most suitable option, for example, business or service unit, corporation or trading enterprise that will suit the needs of the local authority in terms of the compulsory competitive tendering process, the following questions need also to be answered:

- How separated will policy and regulations need to be from the delivery of services?
- What structure of management and staff will be required to control standards of service rendered by contractor?
- How will strategic planning, annual planning and the monitoring and reviewing process need to be changed?
- What is the impact on councillors and the Community? (Boyd 1994:16).

Interest groups, such as landscape architects, residents' associations in parks and recreational services and especially the public in general, believe that the private sector is more efficient in the maintenance of parks and recreational services. To determine whether a local authority can compete with the private sector in the above mentioned regard, the following questions need to be asked:

- With whom and what should the local authority compare itself?
- What obstacles prevent the council from being as efficient as other contractors or service providers in the private sector?
- Is efficiency, in rendering the service, the goal and what about cost effectiveness?
- Is there a program in place to improve productivity and to monitor the performance of rendering the service of maintenance of parks and recreational services? (Boyd 1994:16).

To determine the social and economic effect the four available options (see par. 4.4) has on the community, the following questions need to be answered by the decision-makers (council and management):

- If the local authority contracts a specific service out, what effect will it have on the social and economic well being of the community?
- Should the abovementioned be a concern of the local authority and its management team or not?
- What are the short and longer-term effects?
- How well are the local authority and its management team organised to conduct some debate with the community on how they feel about the social and economic impact of a possible competitive approach?
- Does the local authority have a responsibility to consider other communities outside its own municipal area when parks and recreational services are contracted out? (Boyd 1994:17).

The concern of many interested parties such as the Local Government Information Unit, is that certain private sector companies will soon have a monopoly on rendering certain services like parks and recreational services. The following questions can be asked in this regard in order to determine if monopolisation will be the result of a competitive approach:

- On which services does a local authority have a monopoly?
- Is it in the best interest of the community for the local authority to maintain a monopoly?
- If contracting out occurs, will it lead to private monopoly?
- Are private monopolies undesirable? If so, why?
- Are the cost benefits achieved in shared competition? (Boyd 1994:18).

Many clients of local authorities will become 'vulnerable' when services are exposed to the open market. The maintenance of sport services (as part of recreational services), can be used as an example where members of various clubs are heavily subsidised. If these members must suddenly pay the full cost to the service provider (contractor) or if the option of privatisation is for example taken, it might be that they cannot afford to take part in the sport. The following questions are applicable in this context, in order to determine the future continuation of such a service:

- Are some citizens going to be negatively influenced under the contracting out arrangements?
- How can continuation of a service be secured?
- How can contract specifications be established to secure sustainability, particularly in areas of human services, for example community health, public safety and law and order? (Boyd 1994:18).

With the answers to the above-mentioned questions in mind, choices between the four options, relating to the compulsory, competitive tendering of the maintenance of parks and recreational services, can be made more effectively and efficiently. In the case of Britain, the Central Government decided on compulsory competitive tendering to reduce the size and improve the responsiveness of the public sector and to enforce this decision by promulgating the Local Government Act of 1988.

Local authorities in terms of the abovementioned Act therefore had no choice, but to adopt the competitive tendering approach. As has been indicated previously, local authorities have been left with the four choices (see par. 4.4) to decide what option to take within the competitive service approach. In Britain most local authorities chose the option of corporation or trading enterprise, which is usually a Council established enterprise (see par. 4.4.2).

It was found that after the first round of tendering was completed, almost ninety percent of tenders were won by local authority established corporate entities, for example at Wycombe District Council where the in-house tender won (British Department of Environment 1994:38). The institute representing the private sector and the British Association of Landscape Industries had many queries about the tendency of in-house staff winning the tenders and many accusations of irregularities and anti-competitive behaviour was submitted to the Department of Environment for investigation, for example at Bath City Council where the private sector felt that, at the first round of tendering, the tender was unfairly allocated to in-house staff (Reeves 1994:81).

A key decision local authorities had to take in Britain was to decide if they wanted to compete with the private sector in the compulsory competitive process or not.

If they chose not to do so and to award all contracts to private contractors, still they had to organise the contract and tender processes in terms of the compulsory competitive tendering provisions of the 1988 Act. The choice to participate or not to in the compulsory competitive process, had a significant impact on local authorities in Britain. The first impact was of a organisation cultural nature and this will be discussed in the next chapter.

#### **4.6 CONCLUSION**

Compulsory competitive tendering is a process through which the transferral of certain responsibilities and rights from the public sector to other contractors, such as the private sector takes place. It constitutes a method to achieve the British policy to reduce the size and improve the responsiveness of local government in Britain.

Competitive tendering includes a process through which a component consisting of employees of the public sector (local authority) takes part in the 'bidding process' for the awarding of a contract, against competitors in the private sector. The contract could theoretically be for the delivery of any local authority service or project for which tenders could be invited, for example the maintenance of parks and recreational services.

As the definition of competitive tendering implies, a local authority entity could compete against the private sector for the awarding of a certain contract, and as such could 'lose' against any of them. It should further be borne in mind that a local authority could, because of the result of competitive tendering, be burdened with excess resources capacity, for example personnel might not be taken over by the private sector and redundancy packages could then be the result. It follows that great care should be taken during the planning phase of this process to ensure minimal disruption and associated problems of implementing competitive tendering.

To reduce the size and to improve responsiveness through the compulsory competitive process in Britain, certain choices had to be made by decision-makers.

The politicians and officials on Central Governmental level in Britain had to decide what services to expose to compulsory competitive tendering. This decision was taken based on specific selection criteria, for example: does the provision of the service involve high expenditure? It was also their responsibility to decide on options to develop a competitive service approach. The decision-makers on local government level, (councillors and officials on management level) were then left with the following options to choose from:

- Business or service units;
- Corporation or trading enterprise;
- Outsourcing to external contractors, and
- Privatisation or selling off.

The implementation of a compulsory competitive approach brought about many changes regarding the maintenance of parks and recreational services of which organisational culture changes, structural changes and financial implications had the biggest influence. These changes and the influence it had during the implementation phase on the rendering of the maintenance of parks and recreational services, will be discussed in the next chapter.

## **CHAPTER 5**

### **CHANGES BROUGHT ABOUT TO SERVICE RENDERING TO PARKS AND RECREATIONAL SERVICES AS A RESULT OF THE COMPULSORY COMPETITIVE TENDERING PROCESS**

#### **5.1. INTRODUCTION**

Three major changes were brought about by the implementation of the compulsory competitive tendering process, which influenced the maintenance of parks and recreational services. These changes are culture changes resulting from the implementation of a compulsory competitive tendering process, changes to the organisational structures influencing the maintenance of parks and recreational services and financial management implications on following the British compulsory competitive tendering approach. The first change refers to cultural changes, which includes change from a bureaucratic focus to a commercial focus, a clear understanding of what it means to be a contractor and the understanding that under the competitive tendering approach, each individual becomes accountable for performance. The second change refers to organisational structure, for example a clear client and contractor separation to accommodate competitive tendering, and the adoption of a contract culture. The third change relates to one of the primary reasons for implementing compulsory competitive tendering on parks and recreational services, namely financial considerations. The above mentioned three changes influencing the rendering of parks and recreational services, as a result of the compulsory competitive tendering approach in Britain, will be discussed in this chapter.

## **5.2 CULTURE CHANGES RESULTING FROM THE IMPLEMENTATION OF A COMPULSIVE COMPETITIVE PROCESS**

Significant work practices attitudes and culture changes in local authority management and workforce resulted from the implementation of a compulsory competitive tendering process in British local authorities.

Eighty seven percent of contracts put out to tender in the first round of tendering were won by in-house providers (Karren 1993:27). An in-house provider refers to employees of local authorities organising themselves as a commercial entity. These commercial entities operate on commercial or business principles with the autonomy to compete both internally and externally for work. The emphasis will for that reason, be placed on the culture changes that in-house providers had to undergo with the implementation of compulsory competitive tendering for the maintenance of parks and recreational services.

The following can be regarded as the most significant culture changes that took place in Britain with the implementation of a compulsory competitive tendering process for the maintenance of parks and recreational services.

- Change from bureaucratic focus (traditional service rendering focus), to commercial focus (financial focus).
- A clear understanding of the compulsory competitive tendering process. (What it means to be a contractor operating competitively).
- Understanding that each individual is accountable for performance (McKinley 1995:12).

As indicated above, eighty seven percent of contracts put out on tender during the first round of tendering were won by in-house contractors who were local authority employees at the time compulsory competitive tendering was implemented in Britain. The abovementioned changes were found to be drastic and in most cases difficult to adapt to by traditional local authority employees, and this situation contributed towards the decline of parks and recreational services in Britain (Local Government Information Unit 1988:83)

The success factors and indicators influencing change, the understanding of competition by role players, the changed relations between managers, councillors and managers and between client, managers and contract administrators will be dealt with. The effect of the changed environment on communications, traditional support services, customer focus and marketing and business planning and image of the commercial entity will also be discussed.

### **5.2.1 FACTORS INFLUENCING THE CULTURE CHANGES WITHIN A COMMERCIAL ENTITY**

Local authority employees, policy makers and employees of a commercial entity had to familiarise themselves with the meaning of the following concepts. These concepts emphasise the main reasons for a cultural change caused by the implementation of compulsory competitive tendering on the maintenance of parks and recreational services.

- Improved work practices through benchmarking:  
Competitive services encourage comparison of work practices, such as type of machinery used for grass cutting and performance against those of other local authorities or commercial entities to determine how services should be improved. Benchmarking (see par. 1.6.1) is supposed to result in continuous improvements and an increased emphasis on quality at the right cost.
  
- Enterprise bargaining:  
A competitive service offered through a commercial entity approach, also requires an enterprise agreement to fully support a local authority's competitiveness. An opportunity exists for negotiation between employers and employees on how to retain and improve a local authority's standard of service (North 1994:3).

– Quality assurance:

Within a competitive environment, quality at the right cost will be the dominant determinant in maintaining a competitive advantage because competitiveness is primarily about cost effectiveness (Boyd 1994:43).

– Performance measurement:

It is essential that performance measurement systems, for example trees to be pruned per day, be established. Performance indicators need to be established at all levels of the commercial entity's activities and unit costing established for each service area for example grass cutting. British local authorities have well established budgeting methods that are very successful first steps in defining the cost of service areas (Boyd 1993:43).

– Gain sharing:

Commercial entities (see 1.6.8) should be capable of developing profits or significantly improving performance and making financial and other savings. The issue of how such profits or productivity savings are to be treated requires determination of shareholders or members of the commercial entity. A possible policy direction could be that a certain percentage is utilised to purchase machinery and equipment to establish better facilities, and a proportion could be used for performance payment to staff (Boyd 1993:44).

The ideal, within which a commercial entity operates in a local authority environment, is that political objectives have to be concerned with ensuring that such a unit contributes to the corporation goals of the local authorities.

The measure of success in a competitive environment should, according to Boyd (1993:45), be expressed along the lines of:

- the extent of their contribution to the objectives and policies of the local authority;
- the achievement of maximum quality and value for money for the benefit of the ratepayer's and users.

The willingness from the political and local authority management (client) side for a commercialised entity to succeed, is an important factor in the 'success' equation. Where elected members and management have a clear strategy for, and give support to a commercial entity, (even if this support is at arms length), it assists in setting the right cultural environment in which to operate the entity. Where this is missing, or more importantly, where a commercial entity has to cope with political interference, there may be a clear sense of frustration that may force under-performance (Boyd 1993: 45-46).

Apart from the aforementioned discussion there are various other factors that have an influence on the culture changes of a local authority when it entered into the compulsory, competitive tendering process. These factors include according to Boyd (1993:45), and Swan (1994:118), the following:

- business and service reviews of local authority;
- success indication;
- relations between councillors and commercial entities;
- relations between the client managers and the commercial entity manager;
- support sources;
- communications;
- marketing and business planning;
- image;
- structures and systems;
- management style and the culture of the client.

It has been said in the introductory notes to this chapter that one of the most significant changes that had to take place were the changes from a traditional service rendering focus which is not based on profit considerations to that of a commercial one which is profit focused. To become commercially orientated the role players had to adapt and become more cost effective, efficient and financially orientated. To render the service of maintenance of parks and recreational services cost effectively, efficiently and to be financially orientated, the role players had to adapt to a contestable environment which means that they have to render the service more cost effectively than the competition.

## **5.2.2 ESTABLISHMENT OF COMMERCIAL ENTITIES**

Commercial entities had to be established to comply to the requirements, for example, financial competitiveness of compulsory competitive legislation. In the case of Britain commercial entities were established in the form of business or service units or corporations or trading enterprises.

### **5.2.2.1 CONTESTABILITY BROUGHT ABOUT BY COMPULSORY COMPETITIVE TENDERING**

Commercial entities are constantly in need to know how they compare in terms of efficiency and effectiveness with commercial entities of other local authorities, responsible for rendering the maintenance of parks and recreational services. There is an increasing emphasis within the financial and annual reporting requirements for comparative data to be both produced and publicised. Local authorities needed to establish research and analysis processes to inform and be informed in this area (British Audit Commission 1990:23).

This requires the assistance of external consultants to provide comparative data and analysis on future competitors that might for example be a private entity. The following concepts for comparison relating to contestability has according to Swan (1994:112), a significant influence on the compulsory competitive approach that should be taken note of:

- Local authority *versus* local authority competition. There are arguments for and against regulating local authority versus local authority competition. An outcome of regulation could be more regional co-operation to achieve improved costs and quality service. However, there could also be an argument that local authority versus local authority may create relationships unfavourable for quality service provision and negative for citizens and consumers. It may also be to the disadvantage of some smaller local authorities who have under-developed

services and would not be successful in competing with larger local authorities (Swan 1994:112).

- In-house and private (external) contractors. Policy and procedures for example for fair and reasonable competition between in-house contractors and private (external) competitors had to be established. According to the Local Government Information Unit (1992:1-3) the principal criteria for these are as follows:
  - i. Identify and reduce potential conflicts of interest of participants for example between client officials (e.g. local authority officials) and contractors (business or service units), by compiling clear specifications to which work must comply.
  - ii. Establish procedures that will minimise corruption or favouritism. Correct tender procedures are an example of how to avoid corruption or favouritism.
  - iii. Establish accurate costing and performance measures of the service area for example how long should it take to prune a street tree, at what cost and to what standard?
  - iv. Provide flexibility for managers to operate on a commercial or business basis by allowing them for instance to make their own arrangements regarding working hours.

During the pre-competitive days (prior to the implementation of the Local Government Act of 1988) success of rendering the maintenance of parks and recreational services was only occasionally measured by the satisfaction of the user of the services. The implementation of a compulsory competitive tendering process changed the criteria for the measurement of success completely. Success indicators as a new type of criterion under a competitive approach will be discussed under the next heading.

#### **5.2.2.2 SUCCESS INDICATORS**

Regardless of the extent of support and feedback from the user of parks and recreational services, commercial entity managers need to understand the language of business and set objectives which are concerned with achieving business or

service results. Those indicators or 'success' may, according to Boyd (1994:67, 68) and North (1994:109) be regarded as:

- Generating new business;
- Monitoring performance against other local authorities and the private sector to achieve competitive prices for the appropriate quality;
- Achieving a direct price benefit for a local authority (or client);
- Keeping the cost and quality at required level;
- Developing best practice for example developing the most cost effective routine cutting the grass of a sport complex;
- Winning work competitively on the principle of merit;
- Achieving acceptable levels of profit or surplus achieved are of importance;
- Growth in turnover or output; (output in monetary terms and profit); and
- Rate of return on turnover or capital employed.

These are the same indicators any commercial entity maintaining parks and recreational services would use. A commercial entity would not, however, have to contend with the same political, legislative and financial restrictions which are very much part of a local authority related commercial environment (Swan 1994:113-114).

In general it is possible to conclude that because of these constraints (or success indicators), a commercial enterprise, involved in governmental affairs, can never achieve success only in commercial terms. However, these same constraints (or success indicators) constantly pose the challenge for the commercial entity to be business-like in all aspects of their operations.

From the above it should be evident that one of the objectives of the British Central Government with the promulgation of the Local Government Act of 1988 was to render the maintenance of parks and recreational services on a commercial basis. Due to the players involved, for example politicians, and the uniqueness of the relations between the role players, the maintenance of parks and recreational services can not be operated like any other commercial business.

It is therefore necessary to discuss the relation between the main role players in the maintenance of parks and recreational services hereunder. In the process the unique nature of the relations between the various role-players will become clear.

### **5.2.2.3 RELATIONS BETWEEN COUNCILLORS AND COMMERCIAL ENTITIES**

Councillors in Britain are democratically chosen to represent and govern people at the local government level. They have to act in the interest of the people they are serving. Political objectives are central to the nature of the relationship that has to be developed between councillors and the commercial entities. Where elected councillors and managers for example take a clear position of support and want the commercial entity to succeed, it will be conducive to the creation of the 'right climate' where there is a spirit of co-operation. This support may according to Sayers (1991:19-31), reflect the following:

- Approval of resources for modern capital equipment;
- Agreement to 'profits' being retained to help finance future investment of for example to purchase mowers to cut grass with;
- Allowing a commercial entity manager to 'manage' in such a way that profit making will be possible.

However, when political objectives are in conflict with those of running a business or service unit as a business, this may lead to a more constraining type of relationship. From the British experience the following examples can according to the Local Government Information Unit (1995:18-22) lead to constraining relationships.

- Councillors insisting on arbitrary reductions in price in order to demonstrate savings.
- Resistance from councillors' side to possible redundancies of personnel to produce a cost-effective tender.
- Councillors who want a commercial entity to behave like the 'client' rather than the 'contractor', for example dealing with customer complaints and questions on behalf of the client. Compulsory competitive tendering altered the way local authorities services are managed and delivered, but it does not in any way affect the responsibility of local authorities for the quality of those services. Council

members and officers should not consider that their responsibility for effectiveness has been removed if the service is exposed to competitive tendering.

- Councillors insisting on restrictions on who and where the commercial entity can 'trade'. An in-house contractor can for all technical reasons in terms of the Local Government Act of 1988 compete for another local authority's maintenance work. (see par. 5.2.2.1). Should an in-house contractor for example be discouraged or restricted to compete by a political member for additional work, it might lead to unnecessary tension.

The net result of this type of behaviour creates a sense of frustration amongst commercial entity managers and lead them to the conclusion that the greater the distance between the commercial entity managers and the local council, the better (Swan 1994:89). Commercial entity managers need to identify appropriate working relationships with the councillors of a local authority as the relationship will be critical to the way in which the commercial entity is established and developed. Where councillors are prepared to support staff, particularly in the political arena where decisions are made that might have a direct influence on the commercial entity, there is no question that it will help the unit to perform more effectively. The reverse is also true and there are instances in the British scenario where client side managers appeared to deliberately to make it difficult for the commercial entities to perform their tasks (Swan 1994:79). The relation is further discussed in the following section.

#### **5.2.2.4 RELATIONS BETWEEN THE "CLIENT SIDE" STAFF MEMBERS AND THE COMMERCIAL ENTITY MANAGERS**

Local authorities had to retain staff members representing the local authorities in the capacity as client managers. They were appointed in that capacity to see to it that the commercial entity managers (the people who won the contract) comply with the specifications for example cycles to which grass must be cut as specified in the contract. The client manager is generally referred to as 'the client' (local authority) and the commercial entity manager is generally referred to as 'the contractor'. In all contracts won by the private sector, for example through privatisation, there will be a

clear client/contractor split. This sharp distinction may however not always develop in the relationship between the commercial unit where the in-house staff wins the contract from the client manager (Coopers and Lybrand 1995:12).

Besides the changed role the politicians (councillors) had to play in their policy making capacity relating to the maintenance of parks and recreational services, the operational staff, for example, the head of parks and recreational, suddenly found themselves in the capacity of client managers 'supervising' commercial entities. The introduction of compulsory competitive tendering and other developments posed great challenges to local authorities in managing change for the benefit of their communities. Success depends crucially on a well motivated workforce, both management and the employees directly providing the services and their full involvement at all stages in the preparation of compulsory competitive tendering. In order to be competitive and responsive to the needs of their communities, local authorities, their managers and employees, had to review critical levels and standards of service that had an influence on the organisational structures. Management and supervisory practices, methods of organising work, extent of training and the level of investment in capital equipment also contributed to competitiveness of various commercial entities (Coopers & Lybrand 1995:12-13).

Many problems have been foreseen regarding the client/contractor split especially by the policy maker's councillors on local government level. The division of resources between client (local authority) and contractor (commercial entity) was seen as a major hurdle to overcome. In most local authorities in Britain, however, it was found that the separation has taken place spontaneously (Wolfree 1994:20, 25). The fact that such a high percentage of tenders were allocated to in-house service contractors (commercial entities) and that there were profit sharing potential, played a role in the decision making of the individual and solved many problems; such as uncertainty on whether the employee want to work for a local authority on the client order or for a commercial entity (Kurren 1993:27).

The idea of a partnership with an understanding of the parks and recreational services users needs, is generally seen by the commercial entity managers and the client managers as the environment in which they want to work. This should not compromise the business relationship although it may be interpreted in some

quarters as making life easy for the commercial entity which might lead to deviations from set standards (British Audit Commission 1990:32).

Besides the relations compulsory competitive tendering brought about between commercial entities, councillors and other staff members, new relations and agreements also had to be established between commercial entities and personnel or departments rendering support services to the entity for example financial bookkeeping. The relation between the support services and commercial entity will be discussed under the next heading.

#### **5.2.2.5 RELATIONS BETWEEN SUPPORT SERVICES AND COMMERCIAL ENTITIES**

The next factor of importance is the role of support services influencing the culture changes brought about by compulsory competitive tendering. Prior to the implementation of compulsory competitive tendering, the personnel department, finance department and computing divisions of a local authority were used to assist the manager of parks and recreational services with the delivery of the services such as budgetary control. With the implementation of compulsory competitive tendering, one of the many decisions to be made was who would be rendering these services within a commercial entity (Sayers 1991:30-31).

All commercial entity managers were concerned with achieving value for money from support services such as finance and personnel. The cost of support services has a direct influence on the tender price and can have a determining influence on the tender price, because costs must be recovered from the client. With the first round of tendering for the maintenance of parks and recreational services, there used to be a tendency with commercial entities to explore the cost of 'buying-in' services such as financial bookkeeping from the private sector. Simply chasing the market price would, however not in itself guarantee cost effectiveness for the commercial entity. Setting up support services within the commercial entity was an option, exercised by only a small percentage of commercial entities in Britain during the first round of tendering (Sayers 1991:31). Reasons might be the fact that many adaptations such as changed relations between the client side staff members and the commercial entity managers had to take place during the implementation phase of competitive

tendering and that unnecessary changes further complicating the process, was avoided.

With the implementation of compulsory competitive tendering communication channels between the various role players were also altered drastically and also influenced the culture environment. This aspect will further be discussed hereunder.

#### **5.2.2.6 COMMUNICATION**

The British Department of Environment saw effective communications with staff at all levels as a key success factor, to perform effectively during the compulsory competitive tendering process. Managers needed to place a high emphasis on 'open and direct' ways of dealing with staff (Local Government Information Unit 1993:6). Transparency became very important, one of the reasons being that all staff became a shareholder and they had to know what is happening in their business.

The advantages of the personal approach, (participative management) getting out and about and listening to what staff and parks and recreational service users have to say, needed to be stressed. A personal approach needed to be adopted by the commercial entity managers which required according to Boyd (1993:22) specific systems and techniques designed to enhance the communication process, such as:

- Internal newsletters;
- Team briefing and problem solving sessions;
- Quality assurance;
- Team work, training and development;
- Performance management reviews;
- Participative planning sessions.

The above mentioned systems and techniques are seen as ways in which feedback and involvement in different aspects of the business could be encouraged. Marketing, quality, customer service and financial awareness are areas which benefit from this type of approach for it will for example, build team spirit among staff

members and there will be no uncertainty to what is to be achieved and to what standard (Boyd 1993:24).

The feedback to the parks and recreational service user stays the single most important factor to measure success, because the recreational users are the people utilising parks and recreational services. This aspect will be discussed in the next section.

#### **5.2.2.7 CUSTOMER FOCUS**

The customer in this context is the taxpayer and user of parks and recreational services. The client represents the interest of the customer. The trend towards increased emphasis on the customer had to be acknowledged as a feature of the commercial entity. The client and the commercial entity therefore have a responsibility towards the customer. Customer surveys had to be employed by the commercial entities, together with active use of local media and the publication of regular newsletters (Conway 1992:13). Communication is not just about talking 'to' and 'at' customers, its about 'listening' to what they have to say and doing something about it, even if it means admitting that either the client and or the commercial entity 'got it wrong' (McKinley 1995:26). The basic principle that the customer is always right, applies. It was found that there were confusion during the implementation phase of compulsory competitive tendering, on who is responsible for talking to the customer and although it is theoretically the responsibility of the client, it was sometimes expected of the contractor to liase with customers.

During pre-competitive days, the marketing of parks and recreational services was unknown to the parks and recreational manager. It was generally excepted that taxpayers who had a need to use services, would do so and that there was no need to market these services. Besides the marketing of services the commercial entity had to market itself with the objective to generate more work and to maximise profitability potential of the business (Swan 1994:122).

In an effort to become more customers focussed, local authorities maintained and distributed concise information on the performance of service and maintenance schedules. This, for example, kept customers informed when the grass of their neighbourhood would be cut (Swan 1994:122). As in the case of any business exposed to economic principles (highest output for lowest input) and competition, marketing must be done to promote competitiveness. Marketing and business planning will be discussed under the next heading.

#### **5.2.2.8 MARKETING AND BUSINESS PLANNING**

A key characteristic of a commercial entity is the balance between marketing its 'core' business, (maintenance of parks and recreational services), for a specific local authority, and exploring new market opportunities. The importance of getting the 'core' business right should be a universal objective (British Audit Commission 1990:38).

According to Smith (1995) there used to be plenty of incidents of entrepreneurial spirit within the commercial entities. Additional business won was often the result of initiatives displayed by members of staff at all levels in the unit, rather than the initiative of a manager. Awareness of changing market conditions should be a strong element of planning in the marketing strategy.

Marketing and the image of a commercial entity go hand in hand and have a definite influence on the culture change. If the image of the business is not up to standard, marketing will be to no avail and that specific commercial entity will be regarded as unable to render professional services. Creating a professional image to enable the commercial entity to market itself successfully, will be discussed under the next heading.

### **5.2.2.9 IMAGE**

In most of the cases in Britain the commercial entity managers took the decision to create and present a clear cut business image, including distinguishing the business from the local authority services by using different names and logos. These were reinforced by publicity material, such as leaflets and brochures. The practice of using opportunities to go out and present the image at local exhibitions, trade fairs and shows became part and parcel of the daily routine of the business of maintaining parks and recreational services and it is an indication of how the culture of service rendering has changed since the implementation of the compulsory competitive tendering process within the environment of British local authorities (Kurren 1993:24).

Apart from the changes brought about by the competitive aspects in a commercial environment, the management style of business or services units had to adapt to commercialisation and the competitive approach.

### **5.2.2.10 MANAGEMENT STYLE AND THE CULTURE OF THE CLIENT**

Managing competitive services requires skill and competencies that, prior to compulsory competitive tendering, had not been a dominant requirement. An emphasis away from administration and statutory compliance to innovative management and productivity, was suddenly of great importance, for example, it was found that most commercial entities reduced working hours during the winter season and increased working hours during the 'growing season' (summer season) (Swan 1994:124). Management is now required to focus on effective use of resources rather than a traditional emphasis on raising revenue by increasing rates. Choosing, training and maintaining the 'right managers' has to be a priority for each local authority (Walker 1994:110).

The contracting of services to commercial entities requires, according to Boyd (1993:52) and The Centre for Public Services (1994:89), that client management

develops roles and skills that have not been emphasised in a direct in-house approach. These include the following:

- Maintaining quality of the service without being in direct control over the people performing the service;
- Maintaining concise information on the performance of the service;
- Maintaining accurate and regular reports on the administration of the contract specifications;
- Maintaining the co-operation and positive relationship with the contract or maintaining adherence to quality control and specification requirements;
- Being able to account politically for details of service but not having direct control of the service;
- Being able to communicate and report to the public on the service while not having direct control;
- The responsibility to terminate contracts for under performance;
- The ability to maintain on-going service while maintaining the processes of renewing or replacing contract providers;
- Developing business plans; and
- Developing essential project management skills.

In the aforementioned sections, factors influencing the cultural changes effecting the maintenance of parks and recreational services after implementation of compulsory competitive tendering, of a commercial entity were discussed. In the following section the most significant changes, resulting from such a compulsory competitive tendering approach, will be discussed in more detail.

### **5.2.3 SIGNIFICANT CULTURAL CHANGES RESULTING FROM COMPULSORY COMPETITIVE TENDERING OF PARKS AND RECREATIONAL SERVICES MAINTENANCE**

According to Cox & Love (1991:89), Conway (1992:23) and Kurren (1993:101), it is clear that the following changes can be singled out as the most important culture changes brought about by compulsory competitive tendering on the maintenance of parks and recreational services:

- Strategic planning on future direction and needs had to take cognisance of commercial considerations, for example, maximisation of profit. In the past it was done based on the needs and value systems of the politicians, local government parks and recreational managers and users of parks and recreational services.
- Developing the skills, as previously discussed (for example marketing skills) of both the client and commercial entity managers and staff to become business orientated.
- Developing a productive culture in the workplace with the emphasis on efficiency and cost effectiveness.
- Establishing a program of maintenance of parks and recreational services to support a customer and citizen focus.
- Developing incentives for change in the workplace. An example of an incentive for change in the workplace can be profit sharing.
- Information and databases of the maintenance of parks and recreational services had to be developed.
- Identifying unit costing, for example, the cost to cut a bowling green on the maintenance of parks and recreational services.
- The development of business plans and project management.
- The development of skills of client managers in preparing contracts and specifications had to take place.
- The enhancement of the performance management information systems was developed to compare service standards of various services rendering entities.
- Attention was given to the enhancement of human resource planning, work and job design, with the aim to achieve cost effectiveness and efficiency.
- Work relationships between the local authorities and the private sector developed with the implementation of competitive tendering.
- The establishment of service standards and performance measures were regarded as priority to identify deviations.
- Structures and works procedures were changed with the aim to avoid unnecessary administration.
- Accounting practices (bookkeeping) for apportionment of costs were developed with the aim to determine exact cost.

- Internal protocol to handle tenders and cross competition to avoid anti-competitive behaviour emanated from the compulsory competitive tendering process.
- Responsive and equitable tendering processes at local government level were developed.

From the above it can be seen that the new approach to maintain parks and recreational services, is based on determining what the costs are for each function to be fulfilled, for example, what it cost to cut the grass on a bowling green per cycle. The rendering of parks and recreational services became financially driven and not purely service driven, as was the case prior to the implementation of the competitive tendering process.

In the introductory notes of this chapter it was indicated that three major changes had to take place to accommodate the compulsory competitive initiatives. The first is being the culture changes and the changed role of parks and recreational personnel, with the implementation of the compulsory competitive tendering process. The second major change that had to take place was the changes required to organisational structures to accommodate compulsory competitive tendering. These changes will be discussed under the following heading.

### **5.3 CHANGING ORGANISATIONAL STRUCTURES INFLUENCING THE MAINTENANCE OF PARKS AND RECREATIONAL SERVICES**

Organisational change can be defined as an exchange of something old for something new in which the personnel must both learn, unlearn and relearn and exchange norms and values for new norms and values in an institution (Boyd 1994:57).

Managing change in the workplace will always be a complex task. People are reluctant to except change and need a lot of persuasion to co-operate. Encouraging local authority staff towards a compulsory competitive tendering process is a difficult task. The need of employees, for example their concerns about their work

security has to be taken into consideration and ways and means to involve staff from both the client and commercial entity's sides in the process of implementing compulsory competitive tendering has to be developed.

The single most important organisational structural change that has taken place was the client/contractor split resulting in changing work procedures such as reporting lines of local authorities in Britain. As mentioned, the compulsory competitive tendering legislation in Britain sought to force local authorities into splitting traditional service departments into two distinct roles namely client (local authority) and contractors. This involves the separation between the client side (which decides on standards and budgets) and the contractor side (which includes those who understand the service and its costs and who should commit themselves to high standards of provision) (ILAM 1988:80).

The changes in organisational structure, to accommodate competitive tendering, and the adoption of a contract culture, during the implementation phase of compulsory competitive tendering between the years 1988 and 1994 will be dealt with under this heading. Reference will be made to how changes effected human resources in the employment of British local authorities with the implementation of compulsory competitive tendering of parks and recreational services. An overview on the necessity of a clear client/contractor split and how it influenced the structures will also be discussed.

To implement changes to adapt to a commercial, competitive approach and to comply with the stipulations of the Local Government Act of 1988, changes had to be made to organisational structures of the traditional parks and recreational departments. This will be discussed hereunder.

### **5.3.1 STRUCTURAL CHANGES OF THE CLIENT AND CONTRACTOR DURING THE IMPLEMENTATION OF A COMPULSORY COMPETITIVE TENDERING PROCESS**

Following the British Local Government reorganisation in terms of the Local Government Act of 1988, two kinds of departments for local authorities were set up for local authorities who opted for the in-house option; one for the parks and recreational department (Client) and the other for the parks and recreational operations department (in-house Contractor). The commercial entities were required to carry out the maintenance of parks and recreational services on a commercial basis. The implementation of compulsory competitive tendering was a difficult and confusing period for both the clients and the contractors, for there was a great deal of frustration and lack of clarity on the respective roles of the two kinds of departments. In the case of Britain this occurred particularly at the parks supervisor level where there was confusion as to who set the work to be carried out and what standard was to be achieved as for example was the case at Bath City Council (Hislop 1994:48).

Having chosen the 'winning' contractor, a local authority also had to structure its management and service teams accordingly. This involved a separation of the 'client' and 'contractor' functions. There were some real and perceived drawbacks to efficiently separate the client and contractor sides during the process of implementation of compulsory competitive tendering. It required major changes for the local authority, its management and staff. These changes included the new roles and responsibilities of the client and the in-house contractor (see par. 5.3.2).

The clear division between the client and the contractor brought about a necessity for a defined responsibility, for both the client and the contractor to prevent an overlap of work, or grey area, where neither the client nor the contractor attend to specific responsibilities; such as notifying customers when their park will be attended to. The functions and responsibilities of the two main role players in the competitive tendering process will be discussed under the next heading.

### **5.3.2 CLIENT AND CONTRACTOR FUNCTIONS AND RESPONSIBILITIES**

A local authority should regard itself principally as a policy maker and employer of contractors. An authority's own in-house organisation may act as contractor or provider but only if the work is won in competition. It is therefore vital to define clear client roles for officials.

According to the British Department of Environment (1995:48) the client should:

- Assess customer demand and satisfaction (see par. 5.2.2.7);
- Develop new ideas on service provision and quality, for example a different type of mower that cut grass more cost effectively;
- Define desired levels and quality of provision for example determining the desired length of the grass of a cricket pitch;
- Plan for and secure adequate financial resources , for example, to support the provision of finances to replace redundant machinery;
- Manage the competitive tendering process, for example putting work out on tender and; to
- Monitor the achievement of contractors against policy or stipulated specifications.

The contractor is responsible for the execution of function for example cutting grass to specification and standards in tender/contract documentation.

The British Government motivated the clear cut division of the two role players, enforced by the stipulations of the Local Government Act of 1988, by means of reasons mentioned under the following heading.

### **5.3.3 REASONS FOR ADVOCATING SEPARATION OF THE CLIENT AND CONTRACTOR ROLES IN THE ORGANISATION**

The following are according to the Audit Commission (1994:6), the primary reasons for insisting on a clear separation of the client and contractor roles:

- Clients should be concerned with service standards, for example at what frequency grass must be cut and to what length to achieve value for money. Contractors should be concerned with winning contracts and performing to standards and price. In terms of requirements and the style of the operation, the demands are quite different. 'Two-hattedness' (interests in both client and contractor sides and therefore not a clear separation between client and contractor) could muddle priorities. 'Two-hattedness' can result in officers and members compromising objectives, for example, it would be very easy for the client's specification to be influenced by considerations aimed at supporting the in-house contractor which are unrelated to a local authorities overall objectives.
- The in-house contractor is more likely to operate competitively if separated from the client. In most local authorities, achieving competitiveness requires changes to basic working attitudes, methods, pay and conditions. These changes are more likely to be achieved in a free-standing in-house organisation where the manager can develop an approach in a more commercial environment similar to that of its rivals.
- It helps to demonstrate that the local authority is serious in giving equal treatment to all contractors - private (external) or in-house. Leaving the in-house contractor in the same department as the client may leave the local authority open to accusations of anti-competitiveness, whether there is substance to this or not. If private (external) contractors do not believe they will be treated fairly they may not bid. This will negate many of the potential benefits of competition.
- It will help authorities to put more emphasis on general management skill for example financial control, rather than professional qualifications. Creating explicit client departments should lead for example to a greater emphasis on the management of the client function, and not obscure it with the technicalities of the precise methods of service delivery.

The separation of the functions of the client and contractor resulted in a new organisational structure with specific objectives as stipulated by the British Government and will be discussed in the next section.

#### **5.3.4 OBJECTIVES WITH THE CREATION OF NEW ORGANISATIONAL STRUCTURES**

The British Department of Environment had certain pre-conceived objectives in mind in assisting local authorities with the developing of new structures for parks and recreational departments effected by compulsory competitive tendering legislation. These objectives can be summaries as follows:

- To create clear and performance expectations for all role players and affected parties;
- To satisfy customer needs, such as a well maintained neighbourhood parks, and avoid customer dissatisfaction relating to the standards of maintenance of parks and recreational services;
- To re-engineer work practices, procedures and service outputs and then continually refine them;
- To provide strong leadership, clear communication, assistance and support to the organisation;
- To decentralise responsibility and accountability throughout the organisation;
- To operate in a co-ordinated and integrated manner with the provider side (in-house contractor);
- To encourage innovation and initiative in both the client side structure and contractor side;
- To share information openly and evenly across the role players affected by the implementation of compulsory competitive tendering;
- To value everyone associated with the local authority equally with the emphasis in the using of services;
- To develop unity, wholeness and teamwork between the client, contractor and all other role players;
- To develop the pride, loyalty, co-operation and trust of the user of parks and recreational services;
- To develop a friendly and warm social atmosphere and to encourage teamwork with the provider;
- To air conflict and criticism openly, constructively, and immediately;

- To recognise and reward high performance of individuals regardless whether they work for the client or contractor side;
- To anticipate future needs and possible change of needs of the community served;
- To be responsive to continual change (Hickman 1994:101-106).

As mentioned, the most important organisational changes that had to take place resulting from compulsory competitive tendering can be regarded as the client/contractor split.

The clear client and contractor separation and resulting changes in the organisational structures had its growing pains and also contributed to the general decline of parks and recreational services.

### **5.3.5 DETRIMENTAL ORGANISATIONAL EFFECTS THAT OCCURRED DUE TO CLIENT AND CONTRACTOR SEPARATION**

There were those, influenced by the shape of structures in their pre-competitive days, who argued that putting the client and contractor roles into different departments and committees created problems. The following are examples:

- Skill shortages resulted in the division of the client and the contractor where the in-house tender won the contract. It was found to be difficult to split managers between departments where there is only one person at a particular level or if two work together as a good team (for example, the parks manager and a his deputy); and
- A conflict of interest between the client and the contractor.

This had a detrimental and declining affect on the standard of maintenance during the implementation phase of the compulsory competitive tendering process, because with the adoption of a commercial or competitive approach, the emphasis moved from a traditional service rendering approach to a profit motive. The client side for example, is only concerned about the quality and costs of service rendering, whilst

the contractor is interested in service rendering to comply with specifications the cheapest price. This in itself was found to be a recipe for conflict. These detrimental effects will be discussed further in the following two sections.

#### **5.3.5.1 SKILL SHORTAGES AS A RESULT OF THE CLIENT AND CONTRACTOR SPLIT**

Human resources of traditional parks and recreational departments had to be devised into a client side and a contractor side. Depending on the size of a local authority, a number of employers had to remove employees of the local authority to fulfil the functions, such as monitor the achievement of contractors against policy or stipulated specifications (see par. 5.3.2). The remaining number of employees had to make a choice under which service alternative (see figure 4.1) they want to compete against external contractors to render the service of the maintenance of parks and recreational services (Boyd 1994:6).

This division of employees, the choice on the number of employees and which employees should remain, was the prerogative of local authority councillors. Prior to the implementation of the compulsory competitive tendering process, many local authority employees worked well as a team. It was sometimes found that one employee was well trained and capable of doing a specific aspect well, for instance landscape design, where his colleague was brilliant in the administration of financial control. As a team they worked well, but as individuals they could not manage the department. Through competitive tendering, these employees were split into two 'camps' that could contribute to a decline in the standard of the maintenance of parks and recreational services (Swan 1995).

#### **5.3.5.2 CONFLICT OF INTEREST BETWEEN THE CLIENT AND THE CONTRACTOR**

A key element of separation of the client and contractor has been regarded as 'fairness' by the client to both in-house contractors and private (external) contractors. Local authorities had to take steps to avoid conflict of interest on the part of any of those involved in the competitive tendering exercise. Those responsible for specifying the service and for dealing with bids had for example, to declare all offers of employment from potential or actual bidders, even if they had no intention of taking them up. Similarly, those involved in putting together an in-house bid had to declare any connection they may have had with external bidders, including shareholdings, directorships or any offers of employment, even if those were only conditional on the bidder winning the contract (Department of Environment 1995:62).

Where conflicts of interests arose with the implementation of compulsory competitive tendering, management had to resolve such conflicts. Negotiating with parties involved did this. In exceptional cases it was necessary to exclude the individual from any further work connected with the competitive tendering exercise. In some cases staff offered jobs with successful bidders, were required to declare a pecuniary interest (Swan 1994:112).

Where an undeclared conflict of interest become apparent after evaluation of the bids, management had to consider whether it could have materially affected the outcome of the process and had to take appropriate action (Swan 1995:113). The lack of work security of traditional local authority staff and the possibility that an external contractor might be willing to offer a job, brought about a lot of uncertainty and indecision on how to act during the implementation of compulsory competitive tendering in the maintenance of parks and recreational services

According to Boyd (1994:16) & North (1994:95) some of the difficulties that were experienced and that should have been avoided during the implementation phase of compulsory competitive tendering in Britain were the following:

- Internal conflict and communication breakdown as the result of the contractor not complying with specifications of the client;
- New empire building on the client side that lead to over regulation over the contractor;

- Over bureaucratisation from the client side that was interpreted by the contractor as unreasonable instructions;
- Loss of customer focus due to too much involvement in the implementation of the competitive process;
- Costs of developing the separation were found to be high. Interviews conducted between October 1989 and March 1990 with forty local authorities, revealed that the client side costs increased from 15.5 percent to 18.6 percent (Walsh 1991:113).

These uncertain times for traditional local authority employees definitely had a detrimental effect on the standard of the maintenance of parks and recreational services during the implementation of the compulsory competitive tendering process. The single most important aspect complicating the process of change was the resistance to change during pre-competitive tendering days by local government employees.

#### **5.3.6 DIFFICULTIES EXPERIENCED BY EMPLOYEES TO ADAPT TO CHANGE**

Some local authorities and many long serving staff members found the competitive services approach very difficult or a threat to existing beliefs and traditional means of providing local authority service. The fact that many staff members showed a resistance to co-operate with the implementation of compulsory competitive tendering, because they did not believe that the maintenance of parks and recreational services could be successfully rendered through the Government's initiatives of competitive tendering, had a detrimental effect on service rendering. The motivation of these staff members were low at the time of implementation and many spent a lot of time attending job interviews, or on the phone seeking for other work (National Joint Council for Local Authorities Services 1993:18)

Unions and staff associations also expressed concern about the implementation of competitive tendering and the methods of operation (Reaves 1994:21). Staff who were involved in the client and contractor separation within the organisation, faced

difficulties in adjusting to evaluating tenderers on an equitable basis when awarding tenders to other organisations or companies.

There were many fears expressed by local authorities' employees, of which the most common were that many staff will lose their jobs, during the implementation phase of compulsory competitive tendering. At the same time there were very high expectations among some British local authority staff, mainly because of the promises of shared ownership and profit sharing. Everything was about 'out with the old and in with the new' and changes in accountability, transparency and competitive tendering meant that dramatic changes such as the client contractor separation would occur immediately after implementation. There were staff members who found the change from the old local authority stereotype to the new commercial orientated way of doing things more acceptable. The majority of staff, however, saw the implementation of compulsory competitive tendering as a traumatic experience, mainly because of a threat to work security (Sayers 1991:103). While there was rapid change in structure and methods of working, the change in the culture of the staff (see par. 5.2) in many cases was much slower, particularly at labourer level which lead to seemingly unmotivated staff members (ILAM 1988:3). This situation of policy makers (councillors) and managerial staff making changes to suit requirements of the Local Government Act of 1988 and operational staff who were reluctant to accept and implement the changes, lead to a perceived decline of maintenance of parks and recreational services during the implementation phase of compulsory competitive tendering.

The dissatisfaction about a perceived decline in the standard of parks and recreational services from people using these services, manifested in literature such as the British magazine 'Horticultural Week', during the time of implementation of compulsory competitive tendering on parks and recreational services. Articles with headings reading "Playgrounds Closed After Health Threat", appeared in an edition of 'Horticultural Week' (March 1991). Rolgate and Banstead Borough councils discovered *Toxocara Canus*, a parasite common in dogs on parks and blamed the

contractor responsible for the maintenance for not removing dog fouling from parks, and for not keeping control over dogs entering playground areas (Brown 1991:3)

Regarding another example from Trafford Metropolitan Borough Council, the Horticultural Week placed an article blaming local authorities for not concentrating on standards of maintenance, but concentrating so much on contracts and managerial aspects of implementing compulsory competitive tendering, that the consumer was totally neglected (Aspinall 1991:20).

The third and last major change that had to take place to accommodate the compulsory competitive approach to maintain parks and recreational services in Britain and which also suggested a decline in the maintenance of parks and recreational services, was the changes related to financial management that will be discussed under the next heading.

#### **5.4 FINANCIAL IMPLICATIONS FOLLOWING THE BRITISH COMPULSORY COMPETITIVE APPROACH**

It has been said in the first chapter of this dissertation that compulsory competitive tendering was introduced at a time when the British Government's intention was to reduce local authorities' expenditure and increase its control over the way in which local authorities spend their resources. The fundamental advantage of the implementation of compulsory competitive tendering for the British Government was that it could save money. In an attempt to solve the financial constraints in Britain, the Local Government Act of 1988 was promulgated.

Regardless of the extent of support by all parties (such as councillors and operational staff) in the attempt of exposing the maintenance of parks and recreational services to competitive compulsory tendering, client and contractor managers had to adopt a commercial approach. The personnel on both the client and contractor sides, had to be introduced to the concept of competitive tendering

and they had to understand the language of business and set objectives, which were concerned with achieving required business results.

#### **5.4.1 UNDERSTANDING FINANCIAL COMPETITIVENESS**

Among the many reasons for the accelerated shift to a competitive approach in Britain and which lead to the perceived decline of the maintenance of parks and recreational services during the implementation phase, were:

- Reduced funding which forced the British Government to seek ways to reduce service cost. (See par. 4.2). Interest groups and organisations (such as employees, opposition political parties, parks and recreational facilities users) opposing the implementation of compulsory competitive tendering admit that savings has been created but argue that the 'cost' of these savings in terms of, for example, job losses and the subsequent decline in the standard of maintenance of parks and recreational services, did not justify the drastic step of implementation. The local government information unit claimed that fifty six percent of traditional employees lost or changed jobs directly as a result of the implementation of compulsory competitive tendering (Local Government Information Unit 1994:13).

The underlying objective of implementing a competitive approach was to increase economic efficiency. Resources were thought to be more likely allocated efficiently with decentralised competition than by the bureaucratic processes of centralised planning. For the in-house contractors to become commercially orientated and competitive, a complete mind set change had to take place.

To enable the management of the in-house contractor and the private (external) contractor side to do proper planning, information was a necessity. As has been indicating previously in this dissertation (par. 3.2), the landscape professional such as parks managers, landscape architects and horticulturist never thought it important to be able to quote meaningful statistics relating to, for example, the cost of maintaining parks and recreational services. A lot of energy had to be canalised

developing management information systems and obtaining necessary information to be able to be competitive in a commercial environment. The development of information systems and gathering of information coincided with the implementation phase of competitive tendering which had a negative influence on the standard of service delivery due to the fact that undivided attention could not be given to maintenance standards during the implementation phase of compulsive competitive tendering (Swan 1995). The establishment of management information systems will be discussed under the next heading.

#### **5.4.2 ESTABLISHING INFORMATION AND ACCOUNTING SYSTEMS**

British local authorities needed to improve the information and costing data, such as what it cost to do a specific job per unit, for example, cutting of grass per square feet. Besides the improvement of information and costing data, an appropriate accounting process to establish an 'activity based costing' method had to be developed (Kurren 1993:28).

Prior to the implementation of competitive tendering on the maintenance of parks and recreational services, local authorities budgets were largely based on historical levels which were adapted to accommodate inflation on a yearly basis. With the implementation of compulsory competitive tendering, the budget changed to essentially consist of the successful tender sum plus the cost of the client side operation. The right information and accounting systems had to be put in place to ensure efficiency and to assist management in the adoption of a competitive service approach (Kurren 1993:27-29). This resulted in the design, development and implementation of new information and accounting systems unknown to both the client and contractor sides. The implementation of this system required a lot of attention and energy during the implementation phase of the compulsory competitive tendering process, that resulted in negligence of the actual work, namely maintaining parks and recreational service to acceptable standards.

The Local Government Act of 1988 sets out three main financial requirements for local authorities relating to the establishment of information on accounting systems, namely:

- A separate account must be kept for each financial year in respect of each activity carried out by all contractors. The contractors financial statements have to indicate on the income side, prices specified in the tender documentation and on the expenditure side, all the actual cost of carrying out the work;
- The local authority should meet the prescribed financial objectives; (see par. 3.2.5);
- Local authorities must prepare an annual contractors' report for each financial year in which competition applies. The report must contain a summary of the accounts, and a statement showing whether the financial objective has been met. The report must be prepared not later than six months after the end of the financial year, for example by 30 September, and copies send to the Secretary of State and the auditor by 31 October. The report must be made available for public inspection, or purchase (at a reasonable charge). The report may also contain such other information as the authority thinks fit.

With the implementation of competitive tendering the costing of services, became an important issue. The information systems, particularly accounting related issues had to be accurate. This means a business unit, company, or the group engaging the contractor, had to be able to identify all costs, and be able to make comparisons with competitors. While some local authorities were well advanced on costing, most had a great deal to do on this count, many required updated accounting systems (British Audit Commission 1990:22). This, in many cases caused the role players in the implementation process to concentrate on administrative issues like the creation of an accounting system and neglect the monitoring of standard of work, for example the maintenance of parks and recreational services (Kurren 1993:29).

## **5.5 CONCLUSION**

The most explicit culture changes brought about by the implementation of a compulsory competitive tendering approach, was a change from a bureaucratic focus to a commercial focus; a clear understanding what it means to be a contractor

and an understanding that under the competitive tendering approach, to rendering the maintenance of parks and recreational services, each individual became accountable for performance.

Clients and contractors inevitably have different and potentially conflicting interests. Both may be concerned about the quality of service, but a commercial entity's main objective is to make profit. This viewpoint also became clear in the relations between the various role players, for example, the client side staff members and the commercial entity. The new relations that developed, however, had its growing pains during the implementation of compulsory competitive tendering and contributed to a perceived decline in the maintenance of parks and recreational services. It was vital for the 'new styled' pre-compulsory competitive tendering parks and recreational manager to combine traditional recreational management skills, programming, marketing, customer care, health and safety - with those of the post competitive tendering commercial orientated contract manager. It is here that the local authority and local government officers had to learn a great deal from the private sector. Management skills, programming, marketing, customer care and health and safety, are not unique to parks and recreational management, but they are absolutely vital if a contract is to run successfully and efficiently.

Compulsory competitive tendering has been used as a management tool to re-organise services. But the opinion of many, for example landscape professionals such as park managers, landscape architects, horticulturist and even the public, are that they have not been re-organised with the aim of improving standards, but to satisfy competition requirements and declining budgets. This situation became even more evident when all the significant changes such as the change from a bureaucratic focus to commercial focus and performance management, resulted from compulsory competitive process.

The compulsory competitive process also had a major impact on traditional local authority employees. Change requires a re-examination of the way in which work is organised. The design of work and position descriptions had to be outcome focused and concerned with meeting quality standards within cost targets; that took a lot of

time and energy and divert focus and attention away from accountable maintenance standards, to be achieved in maintaining parks and recreational services.

With the changes in organisational structures, fear and uncertainty emanated which subsequently lead to a decline in the standard in the maintenance of parks and recreational services during the implementation phase of the compulsory competitive tendering process. At the same time new opportunities arose and positions had to be created to adopt a contract culture. It took time for everybody on both client and contractor side to find their place in the new structures and to function to full potential.

It was not only the human resources and organisational structures that were affected by the implementation of compulsory competitive tendering. The financial management of the local authorities also had to change completely to accommodate a commercial approach. Costs cutting and implementation of control measures to determine effectiveness were the two most important reasons of the Conservative Government for implementing compulsory competitive tendering through promulgating the Local Government Act of 1988. This however, resulted in a decline of the standard of parks and recreational services, because of the amount of time and energy it took to determine for example, the square feet of grass to be cut in a specific local authority.

Research done by the Institute of Local Government Studies, has indicated that the Government succeeded in their initial goals and it is accepted and admitted by anti-competitive tendering groups like the Local Government Information Unit and many affected traditional local government employees that savings, for example, were created. The question is however, whether the savings made, justified the effort and trauma specifically caused to the traditional local government employee; and the effect that the whole competitive process had on the maintenance of parks and recreational services.

## **CHAPTER 6**

### **CONCLUDING REMARKS, EVALUATION AND PROPOSALS OF THE STUDY**

#### **6.1. INTRODUCTION**

As stated in the introductory chapter of this dissertation (see par. 1.3), the purpose of the study was to determine the effect that the implementation of compulsory competitive tendering, enforced through the promulgation of the Local Government Act of 1988, had on the maintenance of parks and recreational services in Britain.

In this chapter an attempt will be made to highlight the most important results of the decision of the implementation of competitive tendering on parks and recreational services in Britain. An evaluation has been made to determine if the implementation of a commercialised approach, to deal with the maintenance of parks and recreational services, did indeed result in the decline of standards of the maintenance of parks and recreational services during the implementation phase of compulsory competitive tendering.

#### **6.2. CONCLUDING REMARKS**

To determine the influence the implementation of compulsory competitive tendering had on parks and recreational services, a research into the subject of competitive tendering in the British context was undertaken. This was done by collecting data systematically and by finding answers to the following questions:

- Why was it decided to expose the British local government parks and recreational services to compulsory competitive tendering?
- What choices are available for developing a competitive approach?
- How was competitive tendering introduced?
- Who are the key role players in the competitive tendering process?

- What changes had to take place to accommodate the competitive approach?
- What contracting and tendering process was followed?
- What were the financial implications of the competitive tendering approach on the British local authorities?

The reasons for the implementation of a compulsory competitive tendering process can be summarised as follows:

- Compulsory competitive tendering was imposed at a time when the British Government was intent on reducing local government expenditure and increasing its control over the way in which local authority spend their resources;
- The Conservative Party, who was the ruling party during the implementation of the study (1988-1994) and who were responsible for implementing the competitive process were in favour of a capitalistic approach. As a result of their capitalistic approach, they adopted a compulsory competitive tendering approach during the late 1970's.

It was found that the maintenance of parks and recreational services was a costly, labour intensive process, and the social responsibility of the Government. Reasons raised by the ruling Conservative Government for introducing compulsory competitive tendering were for example:

- To serve as an incentive for local government employers to start their own business entity and to gain financially from the opportunity;
- To encourage competition and deregulation, for it was felt to be the best way to ensure that the goods and services that consumers want are produced at prices the tax payer can afford;
- To promote wider share ownership, - both among employers and the general public. This was done to extend the ownership of wealth more widely in the economy, giving ordinary people a direct stake in the British industry and removing destructive distinctions between 'owners' and 'workers'.

Anti-compulsory competitive tendering interest groups felt that the Government propagated reasons as stated above to disguise the real objective which was to increase economic efficiency.

The framework in which the implementation of compulsory competitive tendering was enforced was done in the following manner. The Local Government Act of 1988 set the framework in which local authorities had to implement compulsory competitive tendering. The timetable to expose the maintenance of parks and recreational services to competitive tendering and the choices local authorities were left with developing a competitive service approach could be singled out as the most important contents of the Act. Within the compulsory competitive tendering process, there are four choices available, namely:

1. business or service units;
2. corporation or trading enterprise;
3. contracting out to external contractor and;
4. privatisation or selling off.

Reality has shown that eighty seven percent of contracts put out to tender were won by in-house contractors who established their own commercial entity under the option of either business or service unit or corporation or trading enterprises. For this very reason the emphasis in this dissertation was placed on the effect in-house contractors had on the standard of maintenance of parks and recreational services.

Changes in organisational culture to adopt the compulsory competitive tendering approach had an influence on continuous rendering of parks and recreational services in Britain. The implementation of compulsory competitive tendering (a commercial approach dictated by finances), had a major influence on the traditional service rendering approach, determined by the needs of the parks and recreational services. The commercial approach resulted in a so called 'contract culture' where a local authority was forced to expose the maintenance of parks and recreational services in-house and external contractors. These changes required a total mind shift for in-house contractors. Cost effectiveness, efficiency and competitiveness in a business environment became part of their daily lives.

The most important consequences related to the cultural change of compulsory competitive tendering, was the change in philosophy that it brought about. Traditionally parks and recreational services had to be developed within Britain as an extension of social services, i.e. meeting a perceived social need. Until the

introduction of compulsory competitive tendering, the social services philosophy was the driving force in the maintenance of parks and recreational services. Whilst this may still be the ideal objective on the 'client's side' (local authority), the community based philosophy has been superseded as the dominant factor by a bottom line financial philosophy influenced by commercial principles.

The traditional local government parks and recreational employee's life was dramatically influenced by the Conservative Parties ideologies. The effect of the Conservative Government's commercialisation initiatives was regarded as a traumatic experience due to the effect compulsory competitive tendering had on working conditions of traditional local government employees. It has already been indicated that eighty seven percent of the first round of contracts was won by in-house contracts. Most of the traditional local government employees were therefore accommodated in one of the corporations. Their conditions of service and work security was however, heavily influenced for instance by changes in working hours. The client/contractor split that took place in terms of the Local Government Act of 1988, was seen as one of the aspects having a definite influence on human resources, and the execution of the maintenance of parks and recreational services; in that the client side was mainly responsible for the monitoring and control function and the contractor side for the execution of the maintenance of parks and recreational services.

A commercialised approach required a financial approach and emphasis placed on skills relating to finances. The in-house contractor experienced difficulties to become financially orientated and to adapt to the financial philosophy enforced on them. Prior to the implementation of compulsory competitive tendering, they were not used to determine exact costs, for example, how much it would cost to cut a square foot of grass and how much profit should be made in executing the service. The client officials' primary function changed to that of a monitoring function. Value for money through business and service reviews, understanding of contestability, establishing of appropriate information and accounting systems and the management of commercial entity accounts, became part and parcel of their job description.

### **6.3. EVALUATION OF, AND PROPOSALS OF THE STUDY**

As indicated, the underlying objective of the Conservative Government was to save money and to improve control over resources. A survey on 164 local authorities, after one year of the implementation of a competitive tendering process, proved to have an average of 10,9 percent saving on the maintenance of parks and recreational services. The Department of Environment estimated that eleven percent of the total cost of parks and recreational services were saved after implementation of compulsory competitive tendering. Therefore research showed that they have succeeded with their objectives. The question is, however, whether the standard of maintenance of parks and recreational services was sacrificed to obtain this objective? With the emphasis placed on financial control and savings it became evident during the implementation of compulsory competitive tendering that role players such as councillors were prepared to sacrifice a lot on, for instance, standards of maintenance of parks and recreational services, to meet financial targets.

The introduction of competition became a major force for staff and work groups to become more efficient and beat any competitors on cost. Competitiveness however, proved to be a recipe for conflict if not dealt with correctly. During the implementation phase of compulsory competitive tendering, the uncertainties and conflicting interests between client and contractor sides for example, had a negative influence on service delivery. Both were concerned about the standard of the service, but the contractors main objective was to make profit and the clients main objective was to get the job done at the cheapest price. The new relationship that developed had its growing pains and resulted in conflict on a regular basis.

One of the problems emanating from competition in terms of maintenance of parks and recreational services, was the impetus for organisational change and service review emphasised in British local authorities. Whether the authority had been for or against competition, the effect of reviewing the service was almost universally acknowledged. A number of local authorities reviewed services and monitored the performance of the maintenance of parks and recreational services, because the element of competition was involved. The effort to review services and to create

monitoring mechanisms and to put it in place reflected on the standard of service delivery during the implementation phase of compulsory competitive tendering. The time and effort it took to write specifications to ensure a required standard and to determine exactly what the extent of work was for example, the amount of trees to be pruned in the City of Bath, took the emphasis of the maintenance standards, at the time of implementation of competitive tendering of parks and recreational services (Kurren 1993:8).

A second problem seen from a parks and recreational maintenance point of view, was an improvement in local authorities' knowledge of services and of costs. For the first time local authorities actually knew what they had to maintain and at what cost. Allied with this, the introduction of competition led to a performance focus, and contributed to the development of more performance based management rather than concentrating on the quality of the standard of service. To determine what it cost to maintain parks and recreational services in a specific geographical area required an inventory of, for example the square feet of grass to be cut. The City Council of Bath for example, calculated that the inventory to determine the extent of parks and recreational services took eighteen months and more than three thousand man hours. Like in the previous example the problem emanating from the implementation of compulsory competitive tendering, took time and effort which resulted in man hours spent on these efforts and not time spent on maintaining the standards of parks and recreational services (Kurren 1993:8).

In-house contractors were particularly likely to emphasise the fact that they had been freed from bureaucratic controls and were more able to manage service delivery. In-house contractor managers were anxious to have as much devolved control of finances as possible, because they felt that having the responsibility for their own accounts could improve management. It was already indicated that reality showed that eighty seven percent of contracts put out to tender were won by in-house contractors (therefore local authority staff) who established their "own" commercial entities. These people generally had very little or no experience to financial management and control in a commercial environment and sometimes found it difficult to adopt to an environment 'ruled' by finances. The result of lack of experience of financial management in a commercial environment, lead to

bankruptcy for example in the case of the City Council of Richmond where the commercial entity responsible for the maintenance of parks and recreational services, went bankrupt and privatisation of services took place. The decline of standard of maintenance in the change of responsibility of the function, from a local authority to a commercial entity (external contractor), in the case of Richmond resulted in much negative publicity relating to the implementation of compulsory competitive tendering on parks and recreational services (Swan 1994:108).

The client/contractor split resulted in uncertainty over the respective roles during the implementation phase of compulsory competitive tendering. Duplication was seen as inherent in competition, because of the separation of client and contractor roles. There were evidence of conflict between client and contractor, both for in-house contractors and private (external) contractors, particularly at the start of contracts in parks and recreational services, that contributed to a decline. Conflict between the client and contractor resulted in some cases, in arguments about specifications, responsibility for specific functions and negativity from both parties' side. In some cases the clients even felt that the contractor wanted the maximum financial gain for the minimum input.

There has been a clearer statement of the targets to be met by in-house and client officers, for example on what frequency grass had to be cut, and what was regarded as a clear rationale for action. Targets became a justification and a reason for management action. The Local Government Act of 1988 did in some ways provide the justification and reasoning for managing the maintenance of parks and recreational services. Involved parties such as the commercial entities, became more concerned with delivering a service at a specific predetermined price, to be competitive and cost effective. Reality however, showed that many contractors tendered at a too low price, to be competitive and cost effective. Reality also showed that many contractors tendered at a low price, especially in-house contractors, due to a lack of experience. They eventually had to sacrifice on quality to 'survive' the implementation phase of compulsory competitive tendering (Swan 1994:68).

During the implementation phase the majority of the client side time was spent on contract monitoring, with less attention given to other issues such as policy and

service development. The client sides skills were commonly seen as inadequately developed for their new role of evaluating and monitoring work done by contractors. This resulted in, for example, unrealistic expectations from contractors being too bureaucratic, or regular changing the instructions that lead to conflict.

The ill effects of competition on traditional local authorities (in-house contractors), specifically conditions of service in general were considerable. New conditions of service had to be negotiated. Staff hours had been changed; bonus systems had been reduced or abolished; shift systems changed and holiday or sick pay arrangements altered. Staff management had become firmer. Casualisation of the workforce had grown. Performance related pay was used in many cases. These aspects had a significant influence on the morale of traditional local authority personnel during the implementation phase of compulsory competitive tendering; and also impacted negatively on the standard on maintenance of parks and recreational services.

Competition also generated significant new information needs, for example exactly how many square feet of grass was to be cut by the contractor for a local authority. This led to increasing computerisation, particularly on the contractor side. It took time to gather information. Due to timetables as set by the Local Government Act of 1988, information had to be obtained whilst implementing compulsory competitive tendering. This also had an influence on available time from the client side to monitor the standards of the maintenance of parks and recreational services.

The large majority of authorities had specified the same or better standards following competition, compared with the position beforehand. During the implementation phase of compulsory competitive tendering, however, these standards were found to be unrealistic and impossible to comply with, mainly because of functional restrictions, for example the quality of the fertiliser to apply on an annual basis on the grass.

Competitive forces can improve the standard of a service for future work, but only if judged on standard, and not on the amount saved. The monitoring and maintenance of any contract should be substantially evaluated on quality criteria, which was not

the case during the implementation phase of compulsory competitive tendering of parks and recreational services in Britain.

The fact that there was a decline in the standard of maintenance of parks and recreational services during the implementation phase (1988-1994) of compulsory competitive tendering in Britain, can be 'blamed' mainly on the over emphasising of the saving of costs by the Conservative Government, at the expense of:

- standards; and
- the morale of specifically in-house staff.

#### **6.4. PROPOSALS FOR THE CONTINUOUS MAINTENANCE OF PARKS AND RECREATIONAL SERVICES UNDER THE BRITISH COMPULSORY COMPETITIVE TENDERING APPROACH**

A concern is that some of the basic values which have been implicit in the public parks and recreational services, were threatened by the commercialisation and by the move towards contracting services. A change in the philosophy of parks and recreational services, is regarded as an extension of social services, catered for by local authorities, whilst a financial driven philosophy is found to be unacceptable by many role players, for example, some traditional local authority employees and park users (Swan 1994:74).

A local authority has a responsibility towards all interested groups that includes the citizens using parks and recreational services, taxpayers, the private sector and also traditional local government employees. A local authority is traditionally the only institution that can undertake the role of rendering the maintenance of parks and recreational services because it is the only body with a mandate to represent the needs of the whole community rather than any one of the constituent parts or interest groups. This does not necessarily imply that the local authority's role is to find a consensus between competing interests and ideologies. In fact one of its functions may be to make a choice between various interest groups and to subject them to open democratic enquiry and debate.

In view of the aforementioned developments and conclusions, the following proposals are made:

- Local authorities in general should develop a continuous competitive approach, one which is open and accountable for decisions made to the local community, therefor free from corruption, patronage and favouritism; and one that is open to external scrutiny for financial and other dealings, which means that there should be no place for bureaucracy and waste.
- Local authorities should strive for value for money, both for service users and the community as a whole, a concern to achieve high quality across the whole range of activities and develop a concern for public spending to achieve economic and social objectives.
- Local authorities should maintain a balance between the interests of elected members (councillors), service users and non-users, employees and the community as a whole. A concern should therefor be developed to achieve equality of access to services, and the delivery of services and equality of opportunity and treatment of those who deliver the service.

The challenge to the public sector in Britain (and to local government in particular) over the next decade, is to help identify and articulate the basic values which should help to develop parks and recreational services as a whole during this period of change.

Local authorities are in a position to provide the kind of leadership, which would allow them to orchestrate a wide range of parks and recreational related services. Local authorities in Britain should play a catalytic and interventionist role (between the user of the services and the contractor); commit themselves not just to provide high quality services to those who come to use them but also to reach out into the community to identify needs that has not been met (for example sport facilities like tennis courts in an area where it is non-existing). Local authorities should furthermore develop solutions for problems experienced, for example the decline in the standard of maintenance of parks and recreational services, and to communicate with the users of services in conjunction with other agencies.

## **6.5. POSSIBLE RESEARCH FIELDS RESULTING FROM THE IMPLEMENTATION OF THE COMPULSORY COMPETITIVE TENDERING PROCESS**

The purpose of this study was to determine the effect that compulsory competitive tendering had on the maintenance of parks and recreational services in Britain, between January 1988 (the date of promulgation of the Local Government Act of 1988 enforcing competitive tendering), and January 1994 (the final date when all parks and recreational services had to be subjected to competitive tendering). (See par. 1.2 and 1.3).

The following research fields on the topic of compulsory competitive tendering, relating to parks and recreational services, requires further investigation:

- The advantages and disadvantages that the implementation of a compulsory competitive tendering process on services, traditionally dealt with by government, has on a developing country like South Africa;
- The long-term effect that compulsory competitive tendering has on parks and recreational services as a discipline. (Will a commercial approach for example have an effect on the training of parks and recreational officers)?
- The influence of a commercial approach on the employee regarding the level of motivation, productivity and absenteeism.
- The long-term financial effect of compulsive competitive tendering.
- The mistakes made with the implementation of compulsory competitive tendering in Britain.

As has been indicated in the introductory chapter of this study, Britain was the 'pioneer' of compulsory competitive tendering. Much is still to be learned from this venture. All effects on the park user, employee and taxpayer in general, can be researched after 1994, the final date of implementation of compulsory competitive tendering. The Labour Government elected to office in 1997 made a manifesto pledge to abolish compulsory competitive tendering and introduce a new regime of 'best value'. Best value has been placed at the top of the Labour Government's agenda for 'modernisation' of local government and it seems likely that all British

local authorities will be required to implement the relevant requirements for 'best value' from April 2000 (Boyne 1999:1).

## **6.6. CONCLUSION**

The perception that the standard of administration of British urban parks and recreational services were declining at the time of the implementation of compulsory competitive tendering can be justified. This decline in the standard of administration can be seen as a direct result of changes that had to take place during the period between 1988 and 1994 when compulsory competitive tendering was implemented in Britain.

However, only time will tell what the influence of the implementation of a compulsory competitive tendering process will be on the administration and maintenance of parks and recreational services in Britain.

## LIST OF SOURCES

Aspinall, J. 1991. "Keep customers satisfied". *Horticultural Week*, March 1, 1991:20

Audit Commission. 1988. *Competitive Management of Parks and Green Spaces*, London. Her Majesty's Stationery Office.

Audit Commission. 1994. *Improves Value for money in Local Government compendium of good practice*. Audit Commission value for money reports. London. Her Majesty's Stationery Office.

Audit Commission. 1989. *Occasional papers Preparing for a compulsory competition*. London. Her Majesty's Stationery Office.

Bassiran, H. 1993. "The code of Compulsory Competitive tendering conduct". *Horticultural Week*. July 9,17.

Boyd, L. 1992. *Managing competitive services*. Victoria Municipal Association of Victoria & Muni solutions Pty. Ltd.

Boyd, L. 1993. *Making Choices in competitive times*. Victoria. Municipal Association of Victoria & Muni solutions Pty Ltd.

Boyd, L. 1994. *Establishing the Business Unit*. Victoria: Municipal Association of Victoria & Muni solutions Pty. Ltd.

Boyd, L.& Cronin, B. 1994. *Business Units*. Municipal Association of Victoria & Muni solutions Pty. Ltd.

Boyd, L, 1995. *Service level agreements*. Victoria Municipal Association of Victoria & Muni solutions Pty. Ltd.

Boyd, L. 1996. *Service profiles and planning*. Victoria Municipal Association of Victoria & Muni solutions Pty. Ltd.

Boyne, G. A. 1999. "Introduction: Processes, Performance and Best Value in Good Government". *Local Government Stakes*. Vol. 25.

British. 1980. *Local Government Planning and Land Act of 1980*. London: Her Majesty's Stationary Office.

British, 1988. *Local Government Act of 1988*. London: Her Majesty's Stationary Office.

British Audit Commission. 1990. *Competitive Management of Parks and Green Spaces*. Her Majesty's Stationary Office.

British Department of Environment. 1991a. Circular 1/91. London: Her Majesty's Stationary Office.

British Department of Environment. 1991b. *Competing for quality*. London: Her Majesty's Stationary Office.

British Department of Environment. 1994. *Compulsory competitive tendering and Local Government in England Annual Report for 1994*. London: Her Majesty's Stationary Office.

British Government Department of Environment. 1990. Statutory Instrument No. 1564. London: Her Majesty's Stationary Office.

Brown, J. 1991. "Playgrounds closed after health threat". *Horticultural Week*, March 8, 1991:3.

Browning, A. Duncan, A. Ottaway, R. Page, R. & Wilhetts, D 1994. *Privatisation 1979 - 1994 Everyone's a winner*. London: Conservative Political Centre.

Browning, V. 1993. "Unkindest cuts are yet to come". *Horticulture Week* December 10, 1993:14 -15.

Centre for Public Services. 1994. *Compulsory Competitive Tendering on the record*. London: Calvert's Press.

Centre for Public Service. 1985. *The Public Cost of Private Contractors* London: Calvert's Press.

Chilois, T. Public Relations Officer, Department of Environment. 1996. Personal interview. 20 June. London.

City of Knox. 1993. *Policy for the introduction of compulsory competitive tendering*. Knox: Knox Public Relation Offices.

Clancy, S. 1992. *Leisure under new management*: Harrogate: ILAM Information Centre.

Coates, U. 1994. *The Question of UK decline*. London: Harvester Wheatsheaf.

Conway, L. 1992. *Customer care - Peripheral or essential?* London: Manchester Free Press.

Conway, H. & Lambert, U. 1993. *Public Prospects: Historic Urban Parks Under Threat*. London: The Garden History Society & Victorian Society.

Competition and Service: 1988. *The Impact of the Local Government Act*. London: Her Majesty's Stationery Office.

Coopers and Lybrand. 1995. *Competitive Tendering Process*. Johannesburg: Southern Book Publishers.

Cox, W. & Love, J. 1991. Paper presented to the International Conference on Competition and Ownership, Tampere: *International Experience in Competitive Tendering*. Finland.

Cronin, B & Boyd, L. 1994. *Human Resource Management Strategies*. Victoria Municipal Association of Victoria & Muni solutions Pty. L.td.

Department of Environment. 1995. *Analysis of Local Authority Compulsory Competitive Tendering Markets An analysis of the contractor markets for cleaning, catering, sports and leisure management and vehicle maintenance management*. London Her Majesty's Stationery Office.

Elliot, B. 1988. From people's parks to green deserts. *Landscape Design*, February 10, 1988:13 - 15.

Ernst, J. & Young, G 1994. *Privatisation. Investing in State-Owned enterprises around the world*. New York: John Wiley & Sons inc.

Hickman, J. 1994. *City of Port Phillip Organisation Structure*. Port Phillip: City Council of Port Phillip.

Hiolop, C. 1994. *The "Enabling Council" - a critique*. London: Her Majesty's Stationery Office.

ILAM. 1988. *Competitive Tendering: Grounds & Open Spaces*. London: Calvert's Press.

ILAM Information Centre. 1991. *In Introduction to Competitive Tendency in Leisure Services*. Reading: ILAM Information Centre.

ILAM & IBRM. 1992. *Management of Sports and Leisure Facilities*. London: Calvert's Press.

Izat, R. 1994. "Quality from the ground up". *Horticulture Week*. May 20, 1994:22-25.

Kurren, C. 1993. "A strategy for self preservation". *Horticulture Week*. October 15, 1993:27-29.

Labour Party. 1994. *Compulsory, Competitive Tendering, Advice for Labour Groups*. London: Labour Political Centre.

Local Government Information Unit. 1992. *The L.G.I.U. Guide to Local Government Finance*. London: Wernham Printers.

Local Government Information Unit. 1993. *Involving Unions in Compulsory Tendering*, London: Wernham Printers.

Local Government Information Unit. 1994. *C. C. T. on Record*. London: L.G.I.U Printers.

Local Government Information Unit. 1995. *Be better informed about local Government*. London: L.G.I.U. Printers.

Leisure Futures Ltd. 1993. *Business planning for Leisure management*. London: Leisure futures printers.

Local Government Training Board. 1990. *The Client Managers*. Dunstable: S.P.S Group.

Local Government Information Unit. 1988. *Competitive Tendering and Contract Conditions*. (A guide to the Local Government). Oct. 1988. London: Wernham Printers.

Matthews. I. 1994. *Costing of Internal bids and allocation of overheads*. Berwick: I.M.M.

McKinley, D. 1995. *Best Practice in "successful" competitive tendency*. Pretoria: Coopers & Lybrand.

Mofiat, D. 1993. The vagaries & opportunities of compulsory competitive tendering. *Ecology & Environmental Management - In Practise*, May 7, 1993:4-5.

Mouton, J. & Marais, H.C. 1991. *Basiese begripe: Metodologie van Geesteswetenskappe*, Pretoria: Raad vir Geesteswetenskaplike Navorsing.

National Joint Council for Local Authorities Services. 1993. *Changing Employment Practices*. London: Printed by national Joint Council for Local Authorities.

National Co-ordinating Committee. 1993. *Cross Boundary Tendency*. London: L.G.I.U. printers.

Nicholson Lord, D. 1994. *The future of Urban Parks and Open Spaces: Working Paper 4: Calling in the Country, Ecology, Parks and Human Needs*. London: Comedia.

North, L. 1994. *Draft Explanatory Memorandum. British Local Government Act 1988*. Melbourne: Government Printer Melbourne.

Reeves, N. 1994 "Uniting for the good of parks?" *Horticulture Week*, April 21, 1994:21.

Rhodes, R.A.W. 1994. *The new Public Management*. London: Basil Blackwell.

Robins, I. 1994. *Preparing staff for Compulsory Competitive Tendering*. Victoria: I.M.M.

Sayers, P. 1991. *Grounds Maintenance: A contractors guide to competitive tendering*. London: Chapman and Hall.

Seiffert, B. 1995. *Review of the Compulsory Competitive Tendering: Procedures Manual*. Knox: City of Knox Printers.

Sheppard, T. 1994. Local Government Information Unit. *Enabling authorities – the new privatisation*. London: Wernham Printers.

Smit, G.J. 1985. *Navorsingsmetodes in Gedragwetenskappe*. Pretoria: HAUM.

Smith, A. 1986. *Privatisation world wide*. London: Complete Print Services.

Smith, A. President of Institute of Leisure and Amenities Management Britain. 1995. Personal interview 27 May, London.

Sport Council. 1995. *Compulsory competitive tendering: Fact sheet*. London: Her Majesty's Stationery Office.

Swan, W.S. 1994. *The effects of the compulsory competitive tendering of grounds maintenance on urban park quality*. D.Phil. - thesis, University of Reading, Reading.

Swan, W.S. Client officer, Shetfield City Council. 1995. Personal interview 22 May. London.

Symanoki, S. Public Relations Officer, Sports Council. 1996. Personal interview 20 June. London.

The British Conservative Party. 1992. *The Best Future for Britain. The Conservative Manifests. 1992*. London. Conservative Central Office.

Thomas, P. 1994. *Urban Parks*. A Discussion Paper from The Landscape Institute.

Topping, J. President of British Association of Landscape Industries. 1996. Personal Interview. 22 June, London.

Tuffs, I. 1993. "Blueprint for a green urban life". *Horticulture Week*, November 5, 1993:16-17.

Tuffs, I. 1994. "Where did all the contracts go?" *Horticulture Week*, January 6, 1994:22-29.

Walker, I. 1994. *The gains from competitive tendering - are we measuring what we want to measure?* London: Butterworth.

Walsh, K. 1991. *Competitive tendering for Local Authority Services. Initial expenses*. London: Her Majesty's Stationery Office.

Walsh, K. & Davis, D. 1993. *Competition and Service; The impact of the Local Government Act 1988*. London: Her Majesty's Stationery Office.

Wilkenson, G. Senior manager. Local Government Studies. 1995. Personal interview. 20 May, London.

Williams M. 1994. *Local Government - The business*. Victoria: I.H.H.

Wolftree, F. 1994. "Who loses in the council shake-up?" *Horticulture Week*, March 31, 1994:20-25.