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Innovation: Outsourcing Services, Ten Boer, Holland

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What was the problem?

The Dutch government demands that its municipalities deliver high quality services including issuing passports and a wide range of permits, providing subsidies for education, culture and activities concerning well-being in society, as well as delivering public utility, sanitation, physical planning, environmental care, and transportation services. Two years ago, Ten Boer, a small town of nine villages and 7,000 inhabitants, evaluated its future capacity to meet service standards and development challenges. With a staff of 60 town employees and facing a plan requiring future town expansion, a new shopping center, and several hundred new residences, Ten Boer's government concluded that it would be unable to keep pace with new demands on its services capacity. Faced with the inevitability of compromised quality, Ten Boer was forced to find new strategies to provide its citizens with quality services.

What was the innovation?

Villages and cities in Holland often cooperate with one another to deliver services. This cooperation makes each town less dependant on individual employees and often leads to higher quality services. In the case of Ten Boer, the town researched the possibility of consolidating with a neighbor but was unable to find a suitable partner. To avoid the looming services crisis, the town arrived at a unique solution. Ten Boer decided to "sell" its 60 town employees to the neighboring city of Groningen, which had a municipal government of 3,000 employees and a population of 180,000 people. The towns have agreed to enter into a contract wherein all Ten Boer municipal services will be outsourced to Groningen in exchange for a cheaper price than the existing budget of Ten Boer. Groningen was prepared to take over Ten Boer's 60 town employees; thus, they also gain by the partnership. While some municipalities have considered limited cooperation, this is the first case in which all of one town's jobs have been contracted to another city. Ten Boer's agreement with Groningen will take effect on January 1, 2007. The preparation for implementation is almost complete.

What obstacles did innovators encounter?

In a big city like Groningen, the 60 Ten Boer employees and their projects are only a small part of the total administrative machine, and many of their Groningen colleagues will never work on Ten Boer-related projects. Cooperation between two such substantially different organizations can be difficult. Perhaps the most emotional (but not the most difficult) challenge in the changeover process has been finding fitting jobs in Groningen for the Ten Boer employees. Nonetheless, many Groningen employees remain uninterested in the changeover of administrative power from Ten Boer to Groningen. The project has been in the works for over a year and a half, but most Groningen municipal employees have not yet been affected by it. During the transferal process, innovators have needed to clarify the strategic advantages to Groningen arising from partnership with Ten Boer.

Other problems have arisen in developing a governing philosophy to clarify who was responsible for what. The government of Ten Boer still exists and has a few of its own employees (for contracting and “stage management”); these remaining Ten Boer employees will manage the policy development and contracting of Groningen activities. Information and communication technology have also presented some technical obstacles to the transfer.

Another substantial challenge has been that the knowledge and experience of Ten Boer’s government employees were not sufficient to meet the challenges of the changeover process. Consultants were hired to strategize for Ten Boer, and have become responsible for the development of many changeover strategies.

What were the planned versus actual results?

Innovators have already run some simulations to identify problems Ten Boer may face after January 1, 2007. First, the priorities of Ten Boer and Groningen governments are not the same, and it may be difficult for Ten Boer’s government to get what they want. While reformers have found some solutions to this challenge, it could still become a problem. The contract between the two municipalities has been completed, and the two governments have been working hard to refine a system of accountability and settlement. However, the more meticulous provisions become, the more conflict could arise between the two municipalities. Civil servants in both governments have decided to generalize accountability regulations so that they can, to some extent, avoid arguments.

Experiments in the public domain require a lot of courage from politicians because inhabitants often do not anticipate the challenges involved in such a change; it is extremely risky to initiate something radically new, like the outsourcing of all of a town’s public services. It is also worth noting that the opposition parties have been cooperative and fully in agreement with this program.

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Association of Provincial Registrars from 1995-2000. During his appointment as Head of Finance (1984-87) and City Manager (1987-1993) in the municipality of Delft, the Society of Organizational Advisers and Experts presented an award to the municipality for its new government innovations. Delft was also nominated for an international award by the Bertelsmann Foundation in the same field during this period. Mr. ter Braak holds a degree in applied economic research from the Economics State University in Groningen, the Netherlands.