When outsourcing fails so often why is the government s...

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The Guardian reported today on the chaos that followed the transfer of the administration of the Teachers' Pension Scheme from Capita, which failed in the task, to Tata Consultancy Services, which the story implies is set to do likewise.

The report suggests a series of failings, but the story itself has an essential failing. What the Guardian does not ask is why this work is outsourced in the first place.

The Teachers' Pension Scheme payroll should, in essence, be a fairly straightforward payroll management exercise. It involves paying pensions to those to whom the government promised them. There should be little excitement, a lot of routine, and not many technical issues when doing that; yet Capita failed to do it, and Tata looks to be doing no better. The promise to pay is not being fulfilled, and the government will have to pick up the pieces when those to whom it has outsourced that responsibility fail.

So, why isn't the obvious question being asked? That is, of course, why doesn't the government just employ the people required to do this work? After all, in the past the government managed payrolls much bigger and more complex than this, largely with pens and paper or much lower-spec IT than is available now, so why can't it do it again now?

What particular expertise, in other words, is it supposed that the private sector has in administering pensions that the state could not develop for itself? And where is the evidence that the private sector is better at doing this work?

Surely those questions should be being asked, not least when there are some very obvious advantages to the state undertaking this work itself. For example:

* There would be no profit margin to pay to a contractor.
* There would be no need for expensive tendering exercises.
* There would be no disruption arising from changes of contractor.
* Institutional knowledge could be retained and developed.
* There would be direct accountability to ministers.
* The objective of those doing the work could be to meet the needs of pensioners rather than to fulfil the terms of a commercial contract.

I am not saying doing this task in-house would guarantee the state would get

everything right, but it would at least have the opportunity to learn from its mistakes. So what is preventing this?

It is dogma, of course.

One of the most pernicious consequences of neoliberalism has been the deliberate deskilling of the state. The assumption has been that the private sector can always do things better than the state, even when the evidence suggests otherwise.

So, why, in the face of clear evidence of outsourcing's failure, do we persist with that assumption?

I wish I could answer that question, but I cannot, because to do so would require me to explain the total grip that the neoliberal mindset has on economics, politics and the civil service. Its destructive ability to undermine and incapacitate that which is useful will take longer to address than this post will permit.

But there is an obvious conclusion to draw. The government needs to recover its capacity to govern. That necessarily includes recovering its capacity to administer the services for which it is responsible.

The answer to failed outsourcing is not better outsourcing. It is for the state to do the work itself.

But even the Guardian cannot work out that this is the answer to a question it has not itself been able to formulate. Such is the grip of neoliberal thinking on its capacity to think critically, to comment and, most importantly, to hold the government to account, which is surely its job.