

Session 1



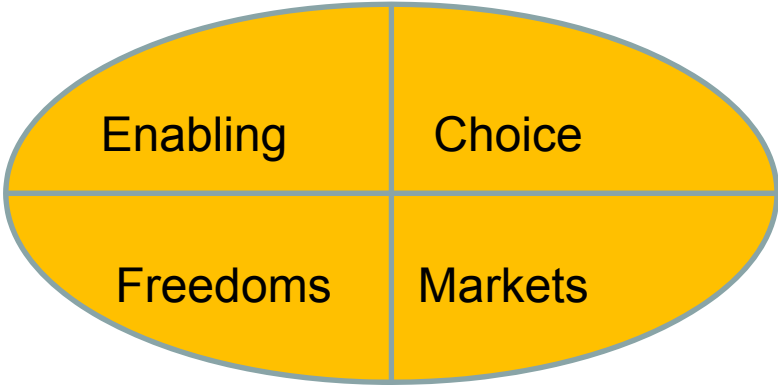
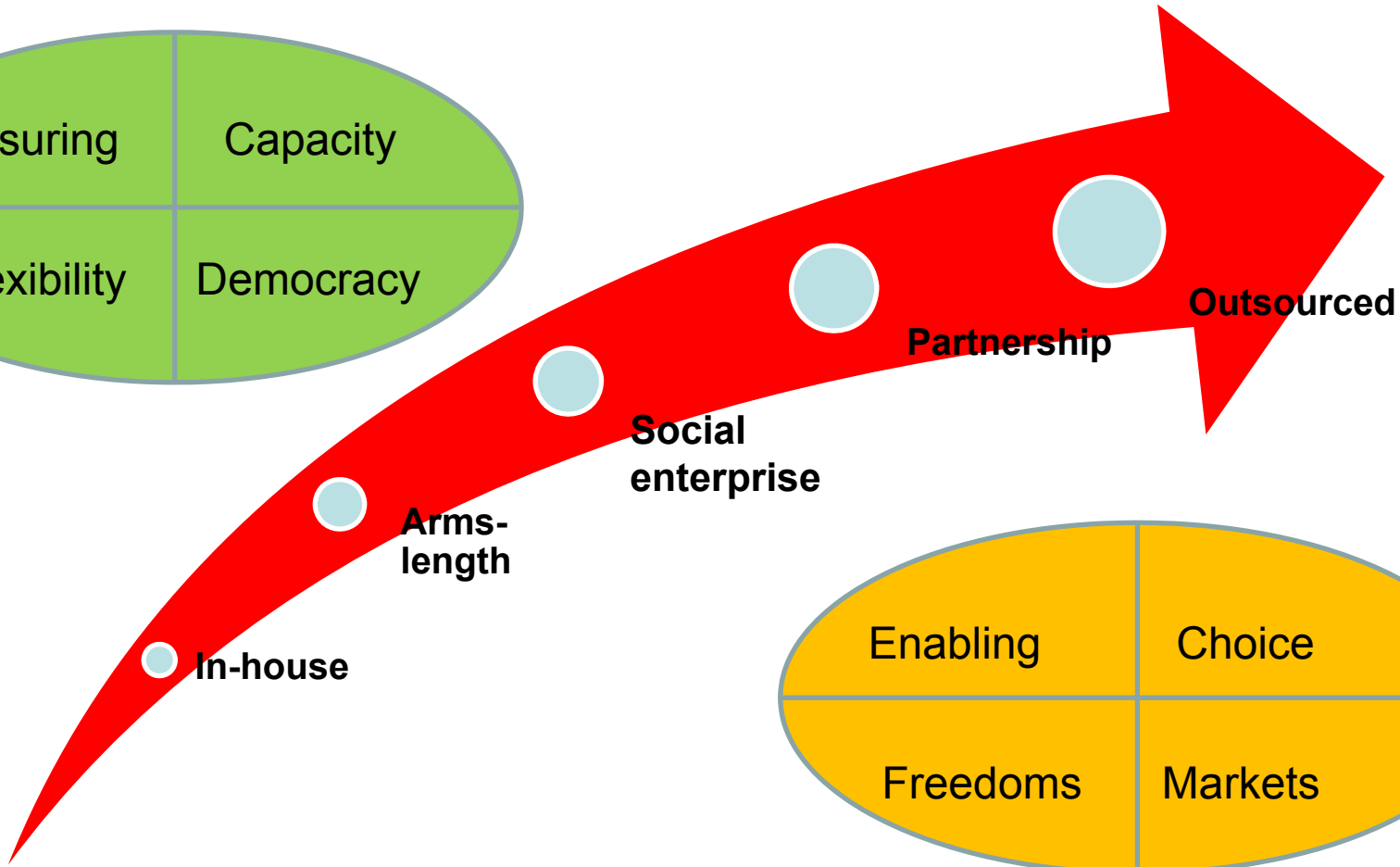
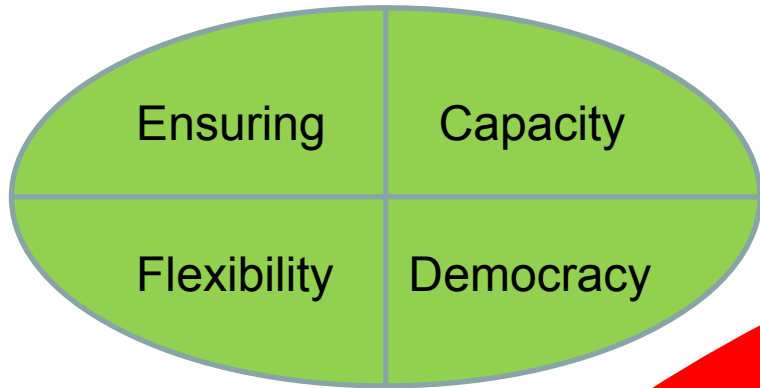
**Mo Baines, APSE
Head of Communication and
Coordination**

**Insourcing: A not so new
phenomenon..**

Service delivery models



Service delivery options continuum



Outsourcing



- Emerging problems
- 'Fixed costs'
- Proportion of budget 'guaranteed' to contracts = less local flexibility
- Need for client contractor split
- National audit office report into the 'big six' in public sector outsourcing

What do contractors rely on?

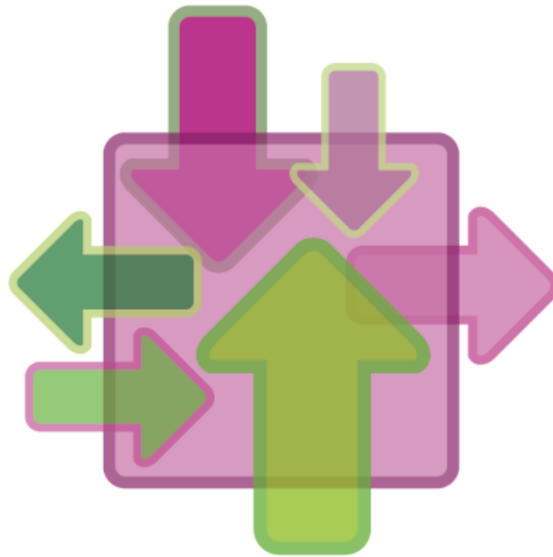


- 'Fat' services
- Wedge shaped service costs reducing overtime = profit loaded to later years
- Variation costs and charges
- Flexibility = Cost increase
- Risk = more or less risk will mean less or more cost'
- 'Lazy' public procurement – stick with the same contractor

Insourcing



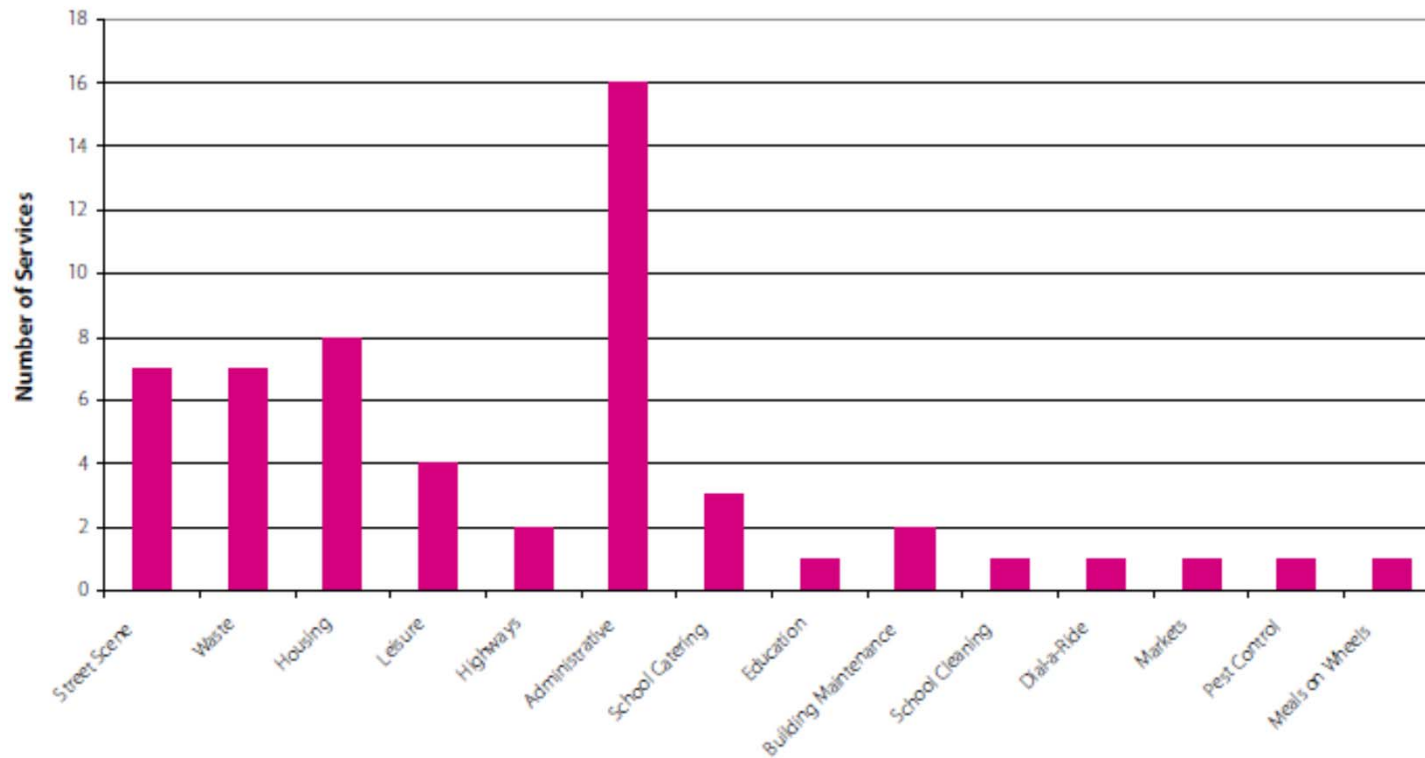
Insourcing: 
A guide to bringing local
authority services back in-house



Which services



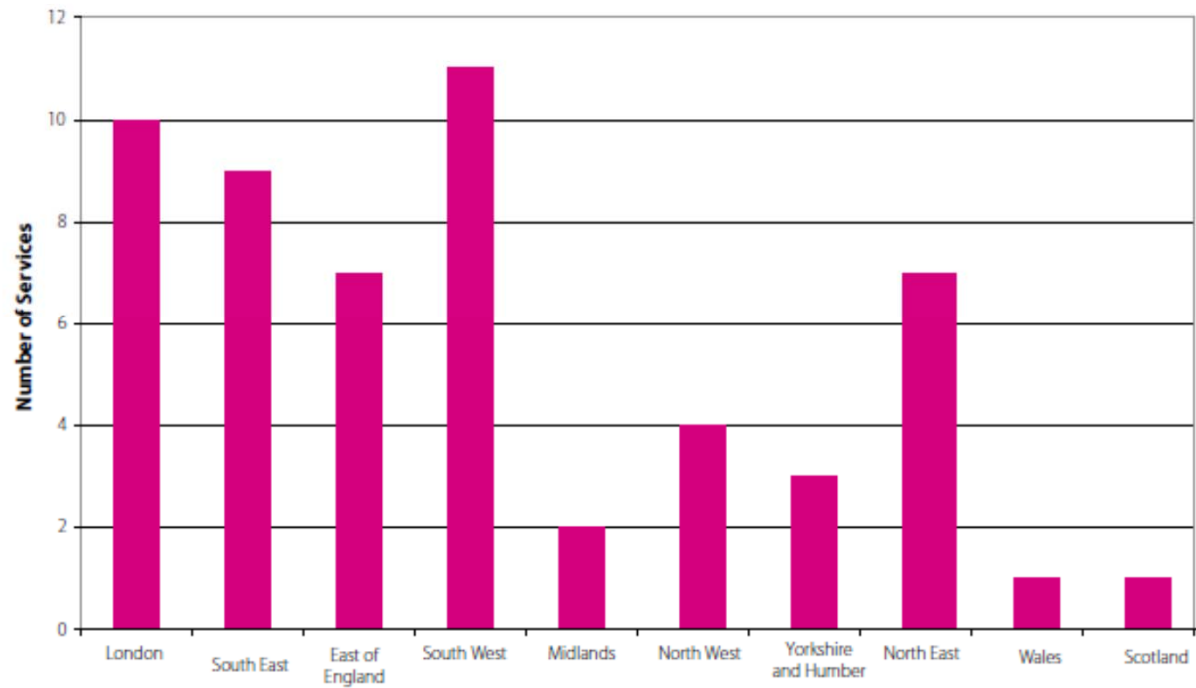
Figure 1 – Insourced services (by service area)



By region



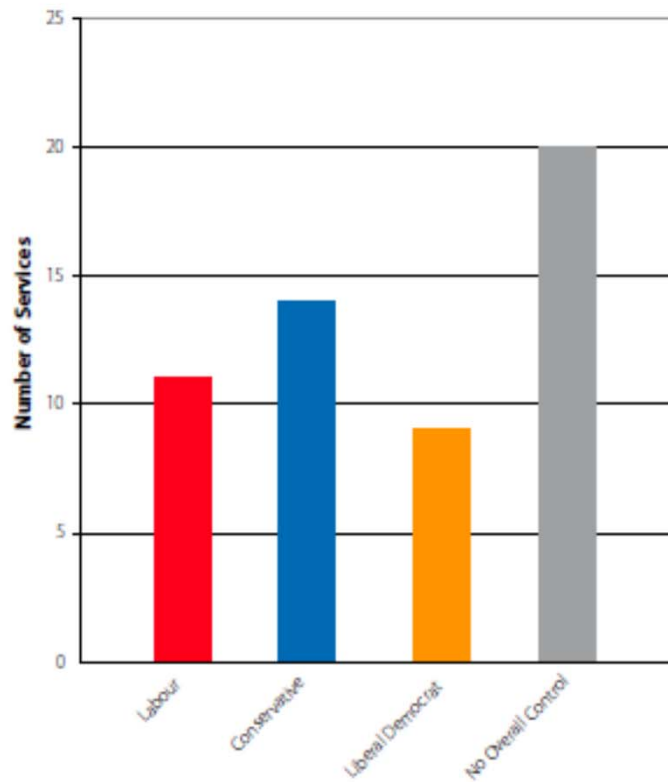
Figure 2 – Insourced services (by region)



Is it about politics?



Figure 3 – Insourced services (by political control, May 2008)



Reasons to insource



Table 1 – Street Scene services

Local authority	Service area	Core reasons for return in-house
Bristol City Council	● Grounds maintenance	<ul style="list-style-type: none"> • Return in-house in 2008 of some contracts • Need for higher standards and better services • Contracts had reached their natural conclusion in Bristol East and North • Desire for better and more attractive neighbourhoods • Desire for a more flexible, responsive and productive workforce
High Peak Borough Council	● Parks service	<ul style="list-style-type: none"> • Two major grounds maintenance contracts brought back in-house • User dissatisfaction • Cost considerations • Desire for better performance
Maidstone Borough Council	● Grounds maintenance	<ul style="list-style-type: none"> • Returned in-house 2008 at natural end of contract • Need for synergy between street cleansing and grounds maintenance • Strong existing role for other DSO services • Best Value and value for money considerations • Existing experienced and knowledgeable workforce • Political support for DSO • Opportunity to build upon street cleansing benchmarking
Redcar and Cleveland Borough Council	● Street cleansing, grounds maintenance, refuse collection, recycling	<ul style="list-style-type: none"> • Returned in-house in 2003 at natural end of contract • Move within the council towards area-based services • Primary driver to enable service improvements to be delivered to meet needs and wants of local communities
London Borough of Southwark	● Street and estate cleaning	<ul style="list-style-type: none"> • Returned in-house 2003 at natural end of contract • Poor performance of contractors • Focus by providers upon cost rather than quality • Poor user satisfaction with services • Employment practices leading to less motivated workforce

Not just about money..

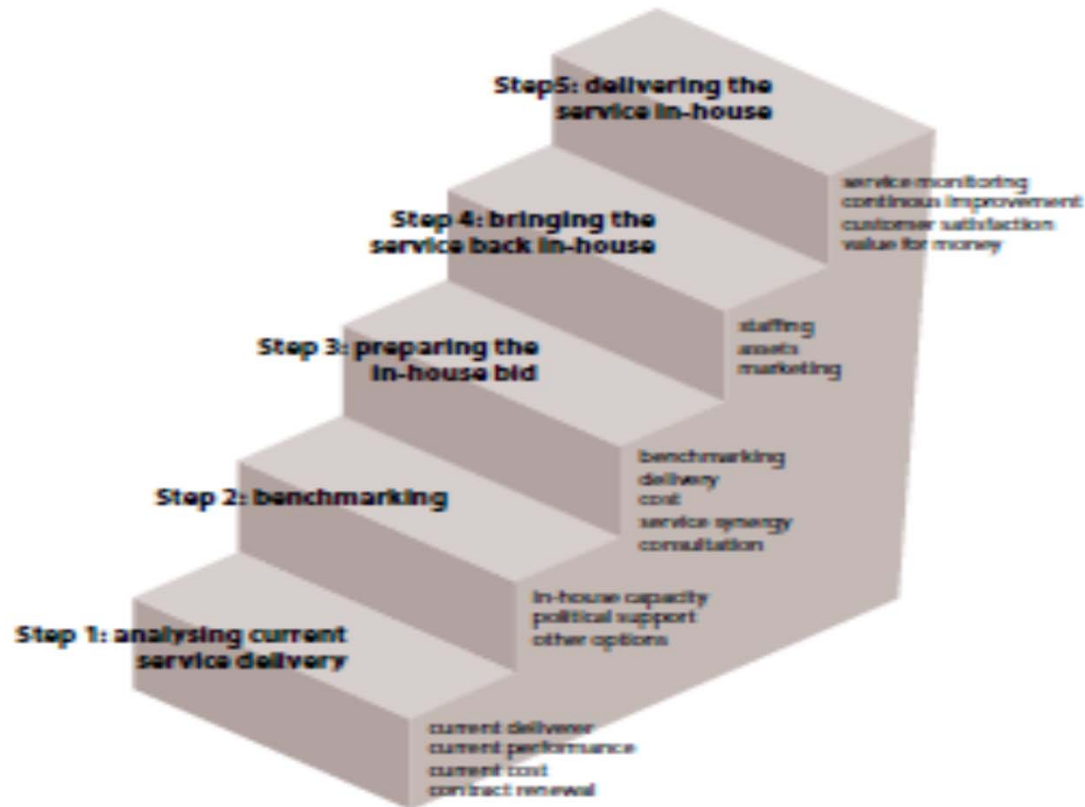


- Performance
- Integration with other services
- Customer Satisfaction
- Efficiencies
- New ways of working
- Changes to policy / political priorities
- Added public value

Key steps to returning a service



Figure 4: key steps and considerations in insourcing services





Is it lawful?

- Yes... you have the power to run services directly
- Consider the contractual position
- Most contracts end by mutual agreement
- If you retender beware – procurement rules will still apply – but not to insourcing

In-house service improvement



AKA... transformation, business process re-engineering, lean systems thinking..

Advantages	Disadvantages
Respond to changing needs	Workforce changes
Cost control	How quickly?
Negotiation on pay and rations	TU dynamic – overtime, rosters, working hours..
Integrated service delivery	Restructures, expertise?
Maintain democratic governance	Decision making controls?
Local economic benefits	
Future capacity	