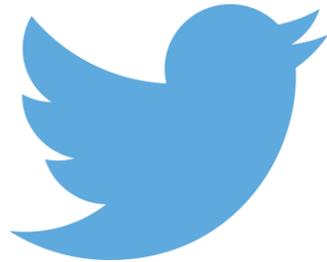




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# Welcome!





# About today

- Forum Protocols
- Post event support



# Forum Timings

- 9.45 Virtual registration
- **10.00 Session 1**
- *10.45 Workshop discussion*
- **11.15 Virtual coffee break**
- **11.30 Session 2**
- *12.15 Workshop discussion*
- **12.45 Virtual lunch break**
- **13.15 Session 3**
- *14.45 Final Questions*
- **15.15 Close of session**



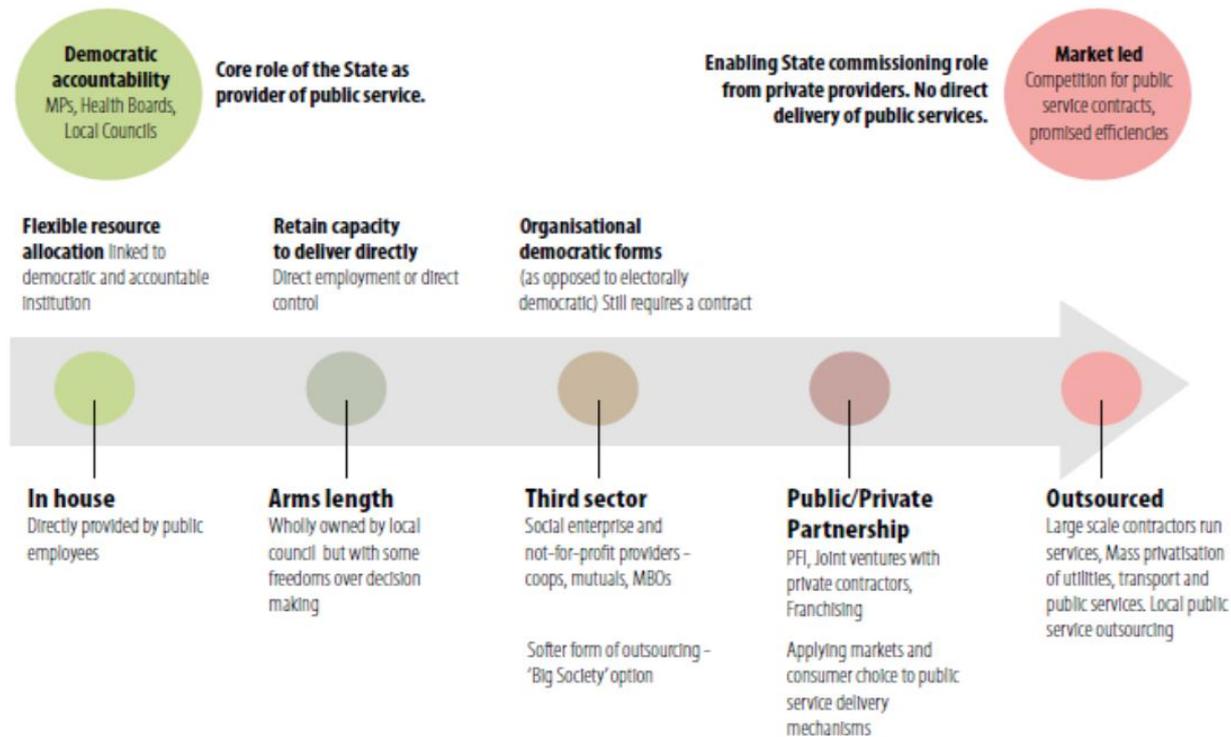
# Session 1

- Outsourcing issues and complexities
- Types of contracts and contract renewals: What to look out for.
- Reviewing an outsourced contract
- Is insourcing a viable option?

# Outsourcing in context

- New public management theories
- Was it all bad?
- Lessons learned?
- Value, Price, Quality

Chart 1: The State as the provider to the enabling model





Cost / Efficiency	Performance	Quality / Flexibility	Employment / Social Justice
<p><b>Outsourced contracts may not deliver the promised efficiencies</b> or savings as optimism bias influences decision making</p>	<p>Client side performance management can be weakened overtime or <b>capacity to monitor performance is reduced</b></p>	<p>Quality is often linked to output specifications but is therefore a subjective measure and <b>difficult to define to the satisfaction of all parties.</b></p>	<p>Contracting out a service relies on the transfer of employment risk to a third party. <b>Contract pricing is often predicated on labour cost savings.</b></p>
<p><b>There may be long-term costs to the contract</b> e.g. as service changes and new needs emerge where these are not accounted for in the original contract costing</p>	<p><b>Performance management by a client can transfer management of day to day operational performance back to the client side</b> as an unintended consequence of managing a contractor</p>	<p>Contracts lock-in a mode of delivery or a quality standard / expectation. <b>If public expectation or client side demands change lack of flexibility will impact on the contract</b></p>	<p>In an outsourced contract influence over procurement and supply solutions rests with the contractor; not the public sector. This can have an <b>impact on local economic spend creating leakage from local economies</b></p>
<p><b>Public policy may change</b> which may mean contract arrangements are more costly to sustain. An example would be in <b>recycling collections</b></p>	<p>Managing performance can add costs as variations to meet performance expectations may be considered <b>variations to the original contract creating further costs</b></p>	<p>Where portions of budgets are set aside to service contract payments there is <b>no flexibility in resource allocation</b>; this can tie in subsequent administrations to past political priorities.</p>	<p><b>A public body may choose to vary its approach to reflect social justice outcomes in areas such as welfare pricing.</b> These matters typically would need to be pre-agreed in a contract and it is not always practical to do so.</p>

# Interventionist v Managerialist

- Is it a choice between an interventionist state approach to facilitate change through deliberate measures aligned to political will, or
- A managerialist enabling approach? Whereby the outcomes for the public sector services are already dictated by the profit-making motives of the private provider?

*'While private ownership is an instrument that by itself largely determines the ends for which it can be employed, public ownership is an instrument the ends of which are undetermined and need to be consciously chosen'. (Hanna (2018) quoting E. F. Schumacher*

- In an era of widespread contract failures insourcing increasingly appears to be a conscious choice to intervene in the public services marketplace, to produce better outcomes for service users, the public purse and public employees

# Regaining control over resource allocation



# Defining insourcing

- A slightly contested term?
- We used .. *‘to ‘insource’ in UK local government it is widely accepted as the cessation of a previously outsourced contract and the re-establishment of the service under the direct operation and control of the local authority’.*
- Concentration on service contracts

# Types of contracts and contract renewals what to look out for

- Supply of Services
- Fixed term
- Fixed term with option to extend
- PFI – DBFO ('operate' end dates)
- Rolling or spot purchase contracts

# Practical considerations

- Treatment of Assets
- 'Occupation rights / tenancy agreements with contractor
- Capital repayments
- Lead-in time to notice of determination

# Reviewing an outsourced contract

- Critical dates (ideally a two year lead-in)
- Performance information and analysis
- Stakeholder analysis
- Non-performance complaints and actions
- Contract costs and actual costs

# Is Insourcing a viable option?

- Capacity to deliver
- Management capacity
- Workforce capacity
- Assets (property, fleet and other assets)

# Workshop Discussion



# Virtual coffee break





# Contact details

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