

#### Remunicipalisation of public services

## Paul O'Brien Chief Executive, APSE

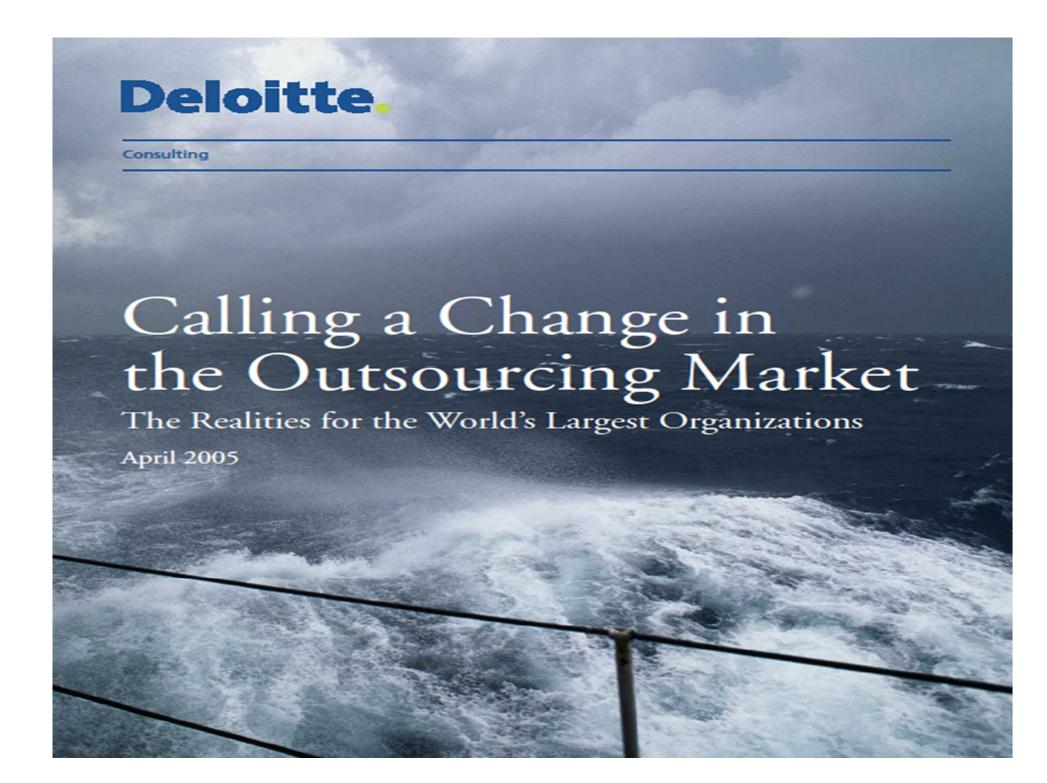
	Time-line
Current	Currently, a trend towards increase in the number of local authorities preparing inhouse bids to return key service areas back to direct local authority delivery can be identified.  There is evidence of a significant trend across geographical regions, political parties, and services towards service delivery being returned to integrated in-house teams.
	The mid 2000s saw the promotion of Public Private Partnerships and the third sector as a public service delivery option based on the notion that the "not for profit" sector offered an alternative to both public and private provision.
	A new 'contracting culture' emerged as Public Private Partnerships and Strategic Service Partnerships saw large value administrative type services delivered between local authorities and major private sector players.
2000	Early 2000s: Best Value enabled many local authorities to reconsider the quality and price of services that had been outsourced and led to a reconsideration of the whole service delivery process. Integrated service delivery was seen as the means of delivering improved quality of service.
	<b>Late 1990s</b> : Increasingly, CCT contracts introduced quality criteria as well as price into contract awards. TUPE applies to outsourced contracts.
	Mid 1990s: A'client/contractor' split in local government functions was required under CCT, which emphasised cost, rather than quality, of services. Delivery activities were increasingly outsourced to private sector contractors across the full range of services.
1990	Late 1980s and early-1990s: The Conservative Government's Compulsory Competitive Tendering (CCT) regime opened the strategic management and delivery of a range of other local government services to competition, from the private sector. The client/contractor split introduced an adversarial contracting culture into public services. Contracts were awarded on the basis of cost rather than service quality.
1980	<b>1980s</b> : Local Government (Planning and Land) Act brought in compulsory tendering for local authority building and highways construction and maintenance teams.



#### Other drivers for insourcing



- Market failure
- Railways
- Banks
- Lack of risk transfer
- Lack of access to investment
- Growing confidence in direct delivery
- Specific service failures

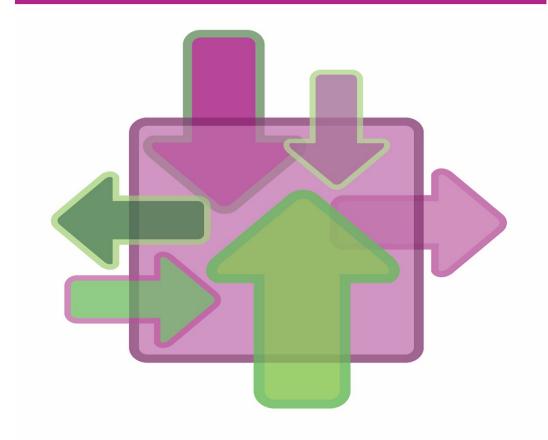


#### **Insourcing:**



A guide to bringing local authority services back in-house





APSE's research shows insourcing is reasons rather than any ideological stance.



A primary reason for insourcing appears to be related to poor performance.





## Insourcing update: The value of returning services in-house in an era of budget constraints

A report by APSE for UNISON

Figure 1 – Insourced services (by service area)

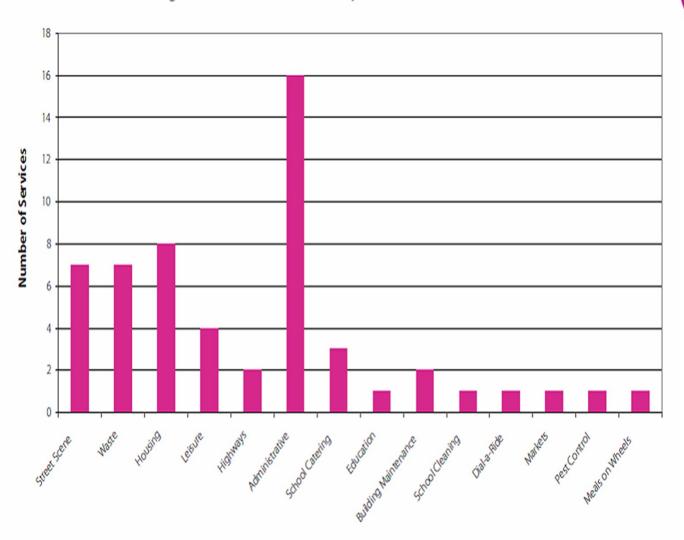




Figure 2 – Insourced services (by region)

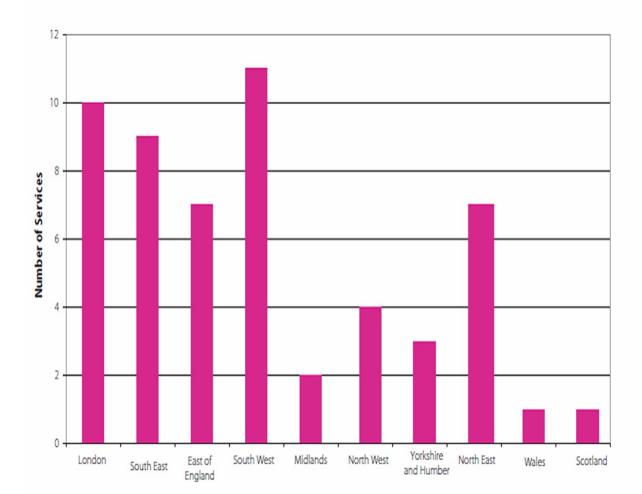
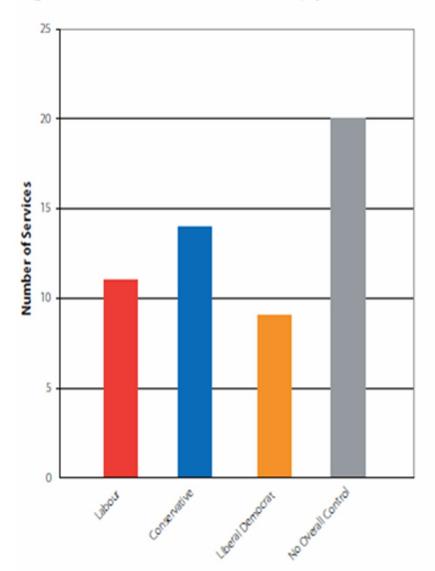




Figure 3 – Insourced services (by political control, May 2008)





## 4 Most quoted reasons for insourcing services



- Poor contractor performance
- A need to improve the quality of service
- Workforce problems, morale and motivation
- A need to address poor customer satisfaction levels

The London Borough of Southwark has seen resident satisfaction ratings of its street and estate cleaning service increase from 30% to 70% in the last four years.



## **Economic footprint of in-house services**



- Every £1 generates £1.64 in local economy
- Lack of leakage from local area
- 96% of staff lived in council area
- 53p of every £1 earned spent locally
- 51p of every £1 spent on suppliers locally





- 140 local authorities
- 57% brought back, in process off or considering
- Need to improve efficiency and reduce costs was main reason for 60%
- For 44% reason was improving quality

### Increased efficiency



- Scale of service related to savings
- 13% savings up to £25,000 per annum
- 8% savings up to £250,000 per annum
- 6% savings up to £500,000 per annum
- 5% expected savings up to £1m p.a.

## Key benefits of insourcing

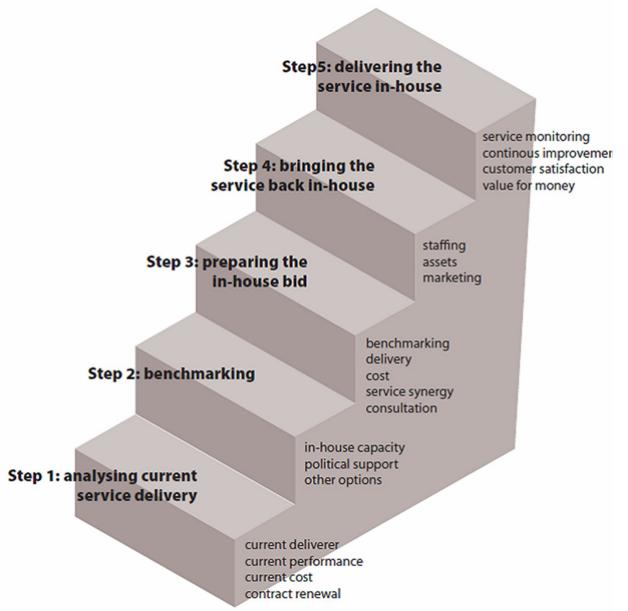


- Improved efficiency / reduced costs
- Ability to integrate services
- Flexibility
- Minimising risk
- Regaining control
- Reducing cost & time managing contracts
- Local engagement & accountability
- Greater staff motivation & improved quality
- Maintaining expertise & capacity

There is mounting evidence that councils have been bringing services back in-house and are continuing to do so.



Figure 4: key steps and considerations in insourcing services





Services have been insourced as part a local authority drive for quality service and value for money.



# LOCAL SERVICES LOCAL SOLUTIONS



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