

Councils look to 'insourcing' as a solution in tough times

Local authorities will increasingly look to in-house delivery as a solution to continuously improving services within tighter budgets, APSE's chief executive, Paul O'Brien, told a debate on public services and the recession.

Mr O'Brien was speaking at The Guardian event in London on 17th March, '*Streamlining public sector: Planning for change - finding efficiencies and better ways of working*' which examined the question: 'Insourcing versus outsourcing: in the economic downturn what's the answer to doing more with less?'

He said: 'As the pressure grows on the public sector to deliver better services for less money, I believe it is inevitable that more will come back in-house because of market failures in the current climate, with companies going bust and cost-cutting impacting on service quality. Councils will also require greater flexibility offered in-house to adapt to rapidly changing circumstances.'

He called upon councils to 'listen to evidence rather than myths' and take a 'sustainable long-term approach based upon continuous performance improvement'. He cited evidence from APSE's recent research report *Insourcing: A guide to bringing local authority services back in-house*.

APSE's research, which examined the reasons behind the insourcing in more than 50 authorities, found:

- councils of all political colours are insourcing for reasons that are pragmatic rather than ideological
- insourcing is occurring across a broad spectrum of services including: administrative and back office functions, housing benefits, grounds maintenance, street cleansing, refuse and waste

The most quoted reasons for bringing services back in-house were:

- poor contractor performance
- a need to achieve value for money
- poor terms and conditions causing lack of motivation amongst staff
- a need to address poor customer satisfaction levels

The benefits authorities felt they had achieved were: improved performance; enhanced governance; cost efficiencies; higher citizen satisfaction; greater flexibility; impact on the local economy; and better service integration.

Mr O'Brien made it clear that the private and third sectors have a 'key role' in improving public services; as suppliers, additional providers of new or noncore services and where services are struggling to cope with demand. 'What we need is partnership working where the public sector client retains control of its own destiny and where the approach is flexible enough to adapt to the dynamic world we live in,' he said.

Notes for editors

1. APSE is the association for public service excellence working with over 300 local authorities throughout the UK. APSE provides information and advice to front line service providers within local councils and also runs the UK's largest voluntary performance benchmarking service.
2. Audit Commission annual scores on Council's performance in England, the Comprehensive Performance Assessment or CPA, showed that more councils were improving strongly than ever before. 80% of councils were rated 3 or 4 star in 2008, with 42% in the top 4 star category. No councils were categorised as 0 stars and only 4 at 1 star. 91% performed consistently or well above minimum requirements for use of resources, with 78% performing consistently or well above minimum requirements for value for money in 2008. A similar picture of success was painted across individual service areas such as Housing, Environment, Culture, Benefits and Adult Social Care. The only area to regress was Children's Services.
3. APSE's research with CLES and INLOGOV in Swindon titled '*The economic footprint of local government*' looked at the procurement and employment spend of a large multi-functional Direct Service Organisation. This showed that for every £1 a local authority spends directly on its services an additional 64p circulates in the local economy. This is because of the lack of leakage from the local area with 96% of the Swindon Services workforce living in the Swindon area and spending 53p of every pound of earnings in the local economy and the Councils usage of the local supply chain with 51p in every pound being spent with suppliers with outlets in Swindon.
4. Other speakers at the event included: Rob Leak, Chief Executive, London Borough of Enfield, Mike Bourne, Professor of Business Performance, Cranfield School of Management, Ben Kernighan, Deputy Chief Executive Officer, National Council for Voluntary Organisations and Glyn Evans, Corporate Director of Business Change, Birmingham City Council.
5. APSE's report 'Insourcing: A guide to bringing local authority services back in-house' is available from: mbaines@apse.org.uk