



# **One Barnet Conference**

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# Key facts



- The funding crisis is genuine for Barnet and everybody else
- Outsourcing rarely delivers significant financial benefit
- Outsourcing limits future flexibility and agility
- Commissioning approach creates greater risk
- Commissioning is a one way street



# The funding crises

- The Barnet graph of doom may be an exaggeration but...
  - Demographic pressures increasing demand
  - Overall funding cut by 28% this CSR
  - Likelihood of further cuts in next CSR and beyond
- Barnet has very little control or even influence over funding levels
- Cost cutting is unavoidable at the local level

# So is One Barnet the way to go?



- Two pronged strategy
- Outsourcing core work
  - Why/when is it more cost effective to pay somebody else to do things for you?
  - Is it a tried and tested approach?
- Doing so through a 'commissioning' model
  - Contracting for outcomes
  - Intelligent client
  - Is it a tried and tested approach?

# Critical success factors



- Excellent procurement skills
  - Finding the right supplier
  - Striking the right deal
  - How does Barnet shape up?
- Excellent contract management skills
  - Achieving objectives of contract
  - Avoiding value for money drift
  - How does Barnet shape up?



# Track record

- Non compliance
  - MetPro plus an unknown number of other contracts
- Failure to use procurement effectively
  - Small works contracts
- Failure to contract effectively
  - Catalyst/Freemantle
- Ineffective contract management
  - Leisure provision

# Operating in an uncertain funding environment?



- Need to cut costs now
  - Its not who but how that determines what it costs to perform a function
  - Ways to reduce cost
    - Cut level of service
    - Underperform
    - Improve efficiency
- Need to cut costs in the future
  - Key factor must be future flexibility and agility
  - How flexible can a contract be?
  - How will a contractor respond to cuts - to protect its commercial interest or look after Barnet services?
    - Cut level of service?
    - Underperform?
    - Improve efficiency?
    - How about threaten to walk away?



# Key Risks

- Strategic
  - Hollowed out council
    - Loss of contract procurement/management capacity
- Operational
  - Loss of ability to return to direct delivery
  - Loss of knowledge to gauge appropriateness of inputs
- Service delivery
  - Failure of service
    - From an inconvenience to a catastrophe



# Is there another way?



- Its not who but how that determines efficiency and effectiveness
- Outsourcing does not change how things are done – in fact it could crystallise current inefficiency
- Contractualisation ring fences expenditure
- Genuine transformation is around continual improvement not once every ten year changes to specifications

# How have others done it?



- Difficult political decisions about service levels and priorities
- Application of lean tools and techniques
- Zero based budgeting
- Resource optimisation – capital equipment
- Negotiated changes to work systems – better use of people
- Use of technology and innovation
- Income generation



# Is this enough

- Graph of doom suggests not
- But the only other option is service reduction or cessation
- Ultimately whether we have public services or not is a national political debate – don't confuse this with One Barnet debate



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