

OUTSOURCING

Trojan Horse or White Knight? Feargal Brennan considers how the tendency to present outsourcing negatively masks the real contribution the private sector can make to public sector transformation.



As Bob Dylan turns 70 the times they certainly are a changin'. May, not April seems like the cruellest month. Just as the Queen and President Obama departed leaving us on a high, the OECD saw fit almost literally to rain on our parade and suggest that far from growing at a decent pace, GDP in Ireland would stagnate for 2011. The growth rates, vital to our projections for a sustainable recovery, have been cast in doubt. In its recent, generally positive, review of our bailout, the IMF seemed pleased with how things are going on the implementation side. That is good news, but the levels of growth necessary to assist in significant deficit reduction are just not there right now and may not be for some time.

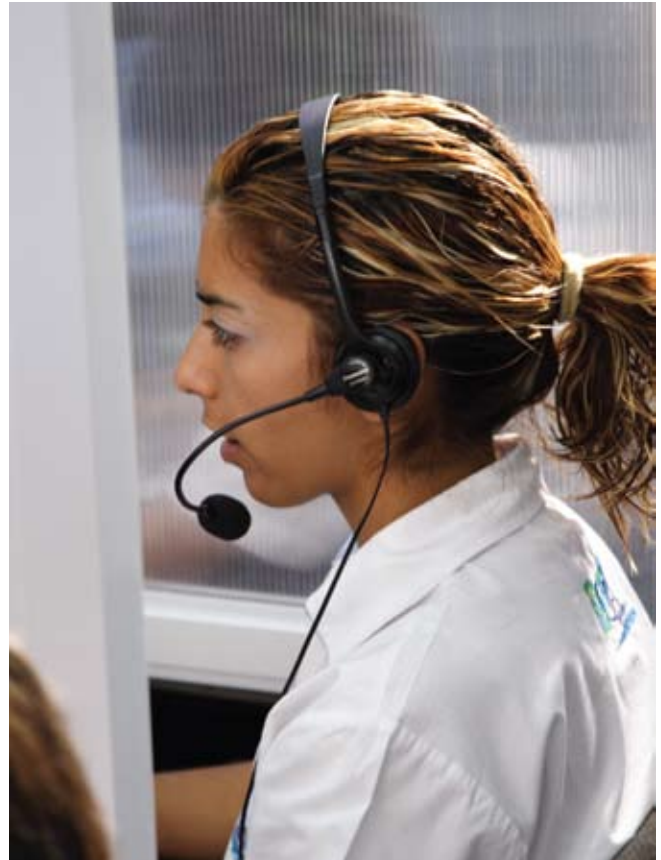
CROKE PARK – OWN GOAL OR CHAMPIONSHIP VICTORY?

Things are moving quickly. Our ability to restore credibility internationally will be determined by our success in transforming how we go about our business whatever the sector. At the time of writing the review of the Croke Park Agreement is imminent. It is highly likely that the Agreement will deliver substantial

savings. It may be on target, who knows. What is clear is that the landscape has changed considerably since its ratification and the challenge for government is to deliver more than Croke Park ever sought to do but from within that agreed framework. Innovative policy responses are required. Complex problems require complex solutions. It may not seem like the time for debates on the old principles, but perhaps that is what is needed.



Feargal Brennan



PARTNERSHIP – OPEN HANDSHAKE OR CLOSED FIRST?

The role of the private sector in the delivery of public services must be scrutinised carefully. New models of service delivery must be considered to imaginatively harness the benefits the private sector can deliver in changing the way public services are provided. It will not be a question of “outsource or not”, “redundancies or else”, or of the government abandoning public sector employees to the vagaries of private sector opportunists. In assessing opportunities to involve the private sector in the provision of public services, Government must view the process not as an abdication of its responsibilities but instead as an opportunity to ensure that those who provide services to it and its citizens do so efficiently, cost effectively and in a consumer focused manner - in other words, allow Government the space to do its job.

WHAT’S HAPPENING ACROSS THE WATER?

The UK has long recognised the contribution the private sector can make in the delivery of public services. Many of its boroughs and councils have partnered with the private sector in the delivery of many of their activities. In some instances Councils have entirely handed over management of large swathes of functions to private sector entities. In 2006, Birmingham City Council entered into a transformation agreement whereby services were transferred to a joint venture organisation (Service Birmingham) majority owned by a private operator but where the Council retained a significant stake. Under what it styled a “Choices Model”, staff could remain with their current employer as they were, transfer to the new entity

or second across on secondment. The deal has saved the Council hundreds of millions of pounds.

An openness to partner with the private sector can drive innovation and increase efficiency, enable private capital to finance public transformation, and provide staff development and training that the public sector simply cannot deliver in the current environment.

IF YOU BUILD IT, WILL THEY COME?

The opportunity is not all local. The development of private sector expertise in the delivery of public services opens up the prospect of major opportunities in foreign markets with the consequent boost to employment, here in Ireland. Ireland is already recognised as a leading location for shared services for foreign direct investment so there is no reason to believe the development of a vibrant indigenous sector selling services to other countries is not eminently possible and become a driver of Irish employment.

Real solutions will not be binary in nature but instead blended to meet the needs of relevant stakeholders. Public Service Unions must not view private sector involvement in the delivery of public services as anathema, and the private sector’s commitment to pay and conditions, education and career opportunities must also be real. Above all, the models of partnership chosen must not be characterised by dissent but rather by recognition that what is required is not one solution or the other but positive elements of all.

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