

Blurring the boundaries

Delivering public services with third parties

In response to significant budget reductions, decision makers across the public sector are reconsidering what services need to be delivered by public sector entities and how third parties can be involved to achieve better value for money.

Given the imperative to reduce spend, prioritisation of activities in the context of cost efficiency drives the need to consider a wider range of delivery methods. These include not delivering the service at all and letting the market deliver it, if the need is there.

Third parties can be involved in the delivery of public sector services to achieve better value for money where appropriate. Where the decision is to involve a third party, the underlying commercial reality of the deal (e.g. value, governance, operations, risk transfer and staff) will drive the use of different commercial delivery models and parties (e.g. private sector or social enterprise).

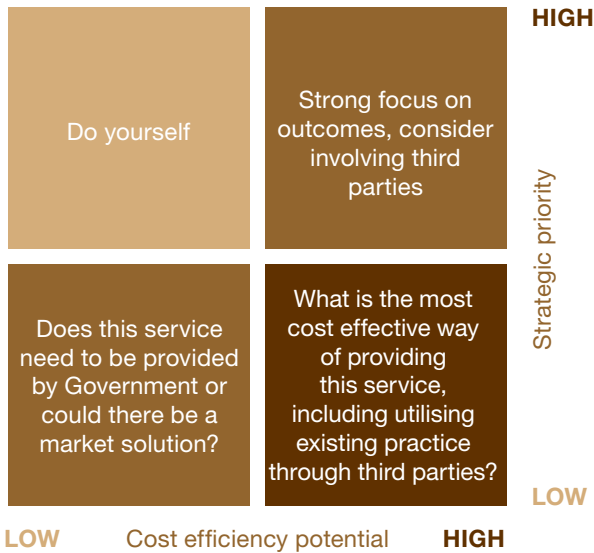
Our response

PricewaterhouseCoopers LLP (PwC) has developed a strategy to identify the services that could be provided by a third party, allowing an organisation to consider the most profitable approach in order to make significant financial savings. Using this approach, PwC can:

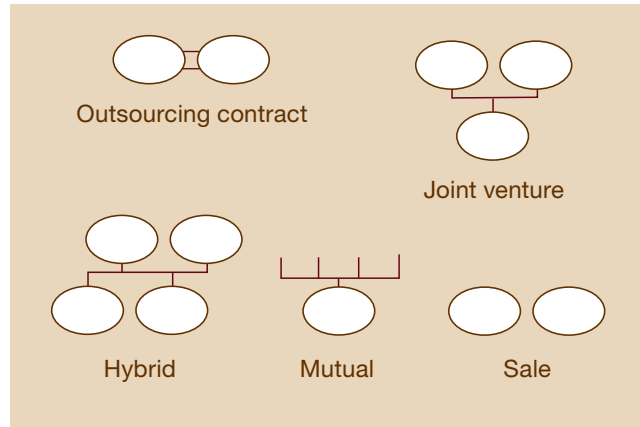
- Challenge which services need to be delivered by the public sector, bringing experience from across the government market (e.g. front office and mid office)
- Advise on the structures which could be used for collaborating with third parties, bringing knowledge of both public sector organisations and experience from private sector and international examples
- Structure a robust procurement, utilising our in-depth understanding of the supplier and financial markets to encourage competitive and value for money offerings

The benefits

- Improved efficiency in service delivery, including cost
- Improved front-line services
- A robust strategy and business plan
- Improved operating procedures



Illustrative structures



Our approach

Our approach is to work with you from the strategic context for prioritizing activities, through to delivery and implementation of the strategy.

Step 1 - Strategy

We can assist you in prioritising services according to strategic importance and cost efficiency and then advise on the most appropriate sourcing of the services, whether through continued, efficient internal provision or through the involvement of a third party

Step 2 – Feasibility

We can prepare or assist you in preparing your business case, including testing with the market where appropriate to assess the capability and capacity of suppliers

Step 3 – Transaction

Our team of procurement and commercial experts can design and support the procurement and commercial process to deal completion, using the most appropriate commercial structure for the risk transfer.

Step 4 – Post Transaction

Recognising that the real savings are only delivered once the services are delivered, our support can go through transition and continue right throughout the contract life, including change control

Our experience

Glasgow City Council – Implementation of an innovative joint venture (LLP) between a public body and a private company, the first of its kind in Scotland. The JV was a bespoke partnering solution taking into account the client’s own culture and values, and establishing a long-term relationship with the partner and resulted in improved efficiency in service delivery and an improvement in front line services.

Northern Ireland Water Service – Implementation of an arms length body with a robust strategy and business plan, with access to capital to support its wastewater modernisation programme and with improved operating procedures.

NHS BSA – Implementation of a managed service contract between a public body and a private company. The contract was a bespoke outsourcing solution taking into account the clients particular commercial requirements leading to improved cost efficiency of service delivery.

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